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

2012

Open to Public Inspection

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 2012 or tax year beginning , 2012, and ending , 20

Name of foundation CHILDREN COUNT FOUNDATION		A Employer identification number 91-1703057						
Number and street (or P O box number if mail is not delivered to street address) 1414 31ST AVE S. SUITE 304		B Telephone number (see instructions) 206-694-4202						
City or town, state, and ZIP code SEATTLE, WA 98144		C If exemption application is pending, check here <input type="checkbox"/>						
G Check all that apply: <table border="0" style="width:100%;"> <tr> <td><input type="checkbox"/> Initial return</td> <td><input type="checkbox"/> Initial return of a former public charity</td> </tr> <tr> <td><input type="checkbox"/> Final return</td> <td><input type="checkbox"/> Amended return</td> </tr> <tr> <td><input type="checkbox"/> Address change</td> <td><input type="checkbox"/> Name change</td> </tr> </table>		<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"/>
<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							
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) ▶ \$ 2,354,046.00 (Part I, column (d) must be on cash basis.)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>						
J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____								

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 type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	119.00	119.00		
4 Dividends and interest from securities	59,735.00	59,736.00		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10				
b Gross sales price for all assets on line 6a				
7 Capital gain net income (from Part IV, line 2)				
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss) (attach schedule)				
11 Other income (attach schedule)				
12 Total. Add lines 1 through 11	59,854.00	59,855.00		
13 Compensation of officers, directors, trustees, etc.				
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)	83.00			
b Accounting fees (attach schedule)	488.00	49.00		
c Other professional fees (attach schedule)				
17 Interest				
18 Taxes (attach schedule) (see instructions)	1,501.00			
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	1,504.00			
22 Printing and publications				
23 Other expenses (attach schedule)	1,736.00			
24 Total operating and administrative expenses. Add lines 13 through 23	5,312.00	49.00		
25 Contributions, gifts, grants paid	97,414.00			97,414.00
26 Total expenses and disbursements. Add lines 24 and 25	102,726.00	49.00		97,414.00
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-42,872.00			
b Net investment income (if negative, enter -0-)		59,806.00		
c Adjusted net income (if negative, enter -0-)				

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Operating and Administrative Expenses

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		469,854.00	426,982.00	426,982.00
	2	Savings and temporary cash investments				
	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 schedule) ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10 a	Investments - U S and state government obligations (attach schedule)				
	b	Investments - corporate stock (attach schedule)	3,330,908.00	3,330,908.00	1,920,186.00	
	c	Investments - corporate bonds (attach schedule)				
	Liabilities	11	Investments - land, buildings, and equipment basis ▶			
		Less accumulated depreciation ▶ (attach schedule)				
12		Investments - mortgage loans				
13		Investments - other (attach schedule)				
14		Land, buildings, and equipment basis ▶				
		Less accumulated depreciation ▶ (attach schedule)				
15		Other assets (describe ▶ <u>LOANED EQUIPMENT</u>)	6,878.00	6,878.00	6,878.00	
16		Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	3,807,640.00	3,764,768.00	2,354,046.00	
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)					
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	3,807,640.00			
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input type="checkbox"/>					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
	30	Total net assets or fund balances (see instructions)				
	31	Total liabilities and net assets/fund balances (see instructions)	3,807,640.00			

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	3,807,640.00
2	Enter amount from Part I, line 27a	2	-42,872.00
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	3,764,768.00
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	3,764,768.00

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.)			(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a					
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) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))		
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)	<div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; border-right: 1px solid black; padding: 0 5px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div> </div>		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) (see instructions). If (loss), enter -0- in Part I, line 8			3		

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

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

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

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

☐ Yes ☐ No

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

1 Enter the appropriate amount in each column for each year; see 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))
2011	145,519.00	2,372,743.00	0.0613
2010	91,682.00	2,490,135.00	0.0368
2009	133,357.00	2,349,638.00	0.0568
2008	162,348.00	3,330,146.00	0.0488
2007	184,426.00	3,597,961.00	0.0513
2 Total of line 1, column (d)			2 0.2550
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 0.0510
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			4 261,537.00
5 Multiply line 4 by line 3			5 13,338.39
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 598.06
7 Add lines 5 and 6			7 13,936.45
8 Enter qualifying distributions from Part XII, line 4			8 97,414.00

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)

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	1,196.00
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	
3 Add lines 1 and 2		3	1,196.00
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	1,196.00
6 Credits/Payments:			
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	1,263.00	
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	1,263.00	
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	67.00	
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax <input type="checkbox"/> 67.00 Refunded <input type="checkbox"/>	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		x
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for the 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
c Did the foundation file Form 1120-POL for this year?		x
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		x
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		x
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		x
b If "Yes," has it filed a tax return on Form 990-T for this year?		x
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"/>		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	x	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (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)	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 <u>N/A</u>	13	X	
14	The books are in care of <u>LYELL FRACAS</u> Telephone no <u>206 910-9459</u> Located at <u>1414 31ST AVE S #304, SEATTLE, WA</u> ZIP+4 <u>98144-3955</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>15</u> and enter the amount of tax-exempt interest received or accrued during the year			
16	At any time during calendar year 2012, 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 <u></u>	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)? <input checked="" type="checkbox"/> Organizations relying on a current notice regarding disaster assistance check here <u>X</u>	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 2012?	1c	
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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years <u></u>		
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	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <u></u>		
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 2012 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 2012)	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 2012?	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)? ☐ Yes ☒ No

5b

Organizations relying on a current notice regarding disaster assistance check here ☐ **c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ 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? ☐ Yes ☒ No

6b

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? ☐ Yes ☒ No

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
DOUGLAS JACKSON 1414 31ST AVE S 304 SEATTLE WA 98144	PRESIDENT	0.00	0.00	0.00
LYELL FRACAS 1414 31ST AVE S 304 SEATTLE WA 98144	SECRETARY	0.00	0.00	0.00

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

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

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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
1 EDUCATION	
2 SOCIAL SERVICES	
3 MEDICAL RESEARCH	
4 CULTURAL AND COMMUNITY	

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	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	2,141,317.00
b	Average of monthly cash balances	1b	474,220.00
c	Fair market value of all other assets (see instructions)	1c	6,908.00
d	Total (add lines 1a, b, and c)	1d	2,622,445.00
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	2,622,445.00
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	39,336.68
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,583,108.32
6	Minimum investment return. Enter 5% of line 5	6	129,155.42

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	129,155.42
2a	Tax on investment income for 2012 from Part VI, line 5	2a	1,196.00
b	Income tax for 2012 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,196.00
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	127,959.42
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	127,959.42
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	127,959.42

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	97,414.00
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	97,414.00
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	1,196.00
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	96,218.00

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				127,959.42
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2012				
a From 2007				
b From 2008				
c From 2009			541.00	
d From 2010				
e From 2011			27,864.00	
f Total of lines 3a through e	28,405.00			
4 Qualifying distributions for 2012 from Part XII, line 4: ► \$ 97,414.00				
a Applied to 2011, 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 2012 distributable amount				97,414.00
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))	28,405.00			28,405.00
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5				
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 2011 Subtract line 4a from line 2a Taxable amount - see instructions				
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				2,140.42
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 2007 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9:				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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				
ASHESI UNIVERSITY, SEATTLE WA		PUBLIC CHARITY	EDUCATION	12,909.00
CAPITOL HILL HOUSING, SEATTLE WA		PUBLIC	EDUCATION	5,000.00
HOLY NAMES ACADEMY, SEATTLE, WA		PUBLIC	EDUCATION	150.00
UNIVERSITY PRESBYTERIAN CHURCH		PUBLIC	RELIGIOUS	450.00
MUSIC OF REMEMBRANCE		PUBLIC	CULTURAL	250.00
WESTERN ENVIRONMENTAL LAW		PUBLIC	LEGAL	500.00
FLYING KITES		PUBLIC	EDUCATION	800.00
NATIONAL MS SOCIETY		PUBLIC	RESEARCH	100.00
FUNERAL CONSUMERS ALLIANCE		PUBLIC	EDUCATION	300.00
LEGAL AID FOR WASHINGTON FUND		PUBLIC	LEGAL	150.00
ASIAN AMERICAN JUSTICE CENTER		PUBLIC	LEGAL	64,080.00
SEATTLE SYMPHONY		PUBLIC	CULTURAL	1,225.00
SEE YOUR IMPACT		PUBLIC	MEDICAL	5,000.00
SOCIAL VENTURE PARTNERS		PUBLIC	EDUCATION	6,500.00
Total			3a	97,414.00
b Approved for future payment				
Total			3b	

Enter gross amounts unless otherwise indicated.

(See worksheet in line 13 instructions to verify calculations)

[illegible]

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PART 1 LINE 23 OTHER EXPENSES

LICENSES AND PERMITS	\$135
MEETING MEALS	1,145
PARKING	319
POSTAGE AND DELIVERY	7
TELEPHONE	130
	<hr/>
TOTAL OTHER EXPENSES	<u><u>\$1,736</u></u>

PART II LINE 10b INVESTMENTS-CORPORATE STOCK

STOCK	# OF SHARES	BOOK VALUE BEG OF YEAR	BOOK VALUE END OF YEAR	FMV BEG OF YEAR	FMV END OF YEAR
MICROSOFT	71,971	3,330,908	3,330,908	1,866,397	1,920,186

THE CHILDREN COUNT FOUNDATION'S

GRANT MAKING POLICY

The following policy shall apply for purposes of the CHILDREN COUNT FOUNDATION (the "Corporation") making grants to entities:

1. Subject to the provisions set forth in this grant making policy, the Corporation's Board of Directors (the "Board") shall make all decisions as to grants to be made to any entity, including the number of such grants, the amount of each such grant, the manner of selection of recipients, the actual selection of recipients, and the terms and conditions of any such grant.

2. Corporation resources shall be used or applied only in furtherance of the Corporation's purposes set forth in Paragraph 3.1 of Article III of the Corporation's Articles of Incorporation, including but not limited to making grants to entities who conduct programs which primarily benefit children who are "at risk." Although the definition of at risk children is broad, with respect to the Corporation it is defined to include those children who are from financially disadvantaged backgrounds.

3. The Corporation shall make grants to a domestic entity only after verifying that the entity is either: (i) an organization which is exempt from federal income tax under Internal Revenue Code § 501(c)(3) and which is not a private foundation as defined in Internal Revenue Code § 509(a); or (ii) a governmental entity, in which case the grant must comply with Paragraph 2 of this Policy and also be made exclusively for public purposes.

4. The Corporation shall make grants to a foreign entity only after verifying that the entity either: (i) has a ruling of determination letter from the Internal Revenue Service that the organization is described in Section 501(c)(3) of the Code and that it is classified as a public charity within the meaning of Section 509(a)(1), (2) or (3) of the Code or as a private operating Corporation under Section 4942(j)(3) of the Code; or (ii) if the foreign organization does not have such a ruling or determination letter from the Internal Revenue Service, the Board shall make a reasonable judgment and the Corporation shall make a good faith determination that the foreign organization is an organization described in Section 501(c)(3) and Section 509(a)(1), (2) or (3) or Section 4942(j)(3) of the Code. The Board shall have exercised reasonable judgment that the foreign organization is described in Section 501(c)(3) (other than Section 509(a)(4)) and the Corporation shall have made a good faith determination if (a) a grant is not a transfer of assets pursuant to any liquidation, merger, redemption, recapitalization, or other adjustment, organization or reorganization described in Section 507(b)(2) of the Code and (b) the Corporation bases its reasonable judgment and good faith determination on a currently qualified affidavit that is prepared by the foreign organization for the Corporation and attested to by a principal officer of the foreign organization. The affidavit and supporting documents must be in English and comply with the provisions of Revenue Procedure 92-94, 1992-2 C.B. 507.

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STATEMENT B

The Corporation may make grants to individuals, provided such grants are made pursuant to a written, objective grant-making program which has received an advance favorable ruling from the Internal Revenue Service.

6. The officers of the Corporation shall assist the Board as needed or requested by the Board with respect to grants to entities.

7. By action of the Board, the Board may modify or repeal this grant making policy at any time.

The foregoing Policy was adopted by the Board of Trustees by consent in lieu of a meeting on August 17, 1999, to be effective September 1, 1999.


Douglas J. Jackson

**Children Count Foundation
Proposed Individual Grant Program Policy**

Grants to individuals will be awarded on an objective and nondiscriminatory basis. No individual grants will be used for political, legislative, or other noncharitable activities. The grant award will be a "grant" within the meaning of IRC § 4945(d)(3) and will satisfy the requirements of IRC § 4945(g) in all respects. The grant constitutes a scholarship or fellowship grant which is excluded from gross income under IRC § 117(a), to the extent that it is used for tuition, books, and equipment required for educational courses. As provided by IRS Publication 578, Chapter VI, and relevant IRS regulations, the grant-making procedures will be as follows:

Grantee Class: Any individual who conducts programs which primarily benefit children who are "at risk." Specifically, the organization will make grants to individuals who further the education, cultural development, socialization and health of "needy children," defined as those children whose family incomes fall near or below the poverty line which the U.S. Department of Health and Human Services establishes. Relatives of members of the selection committee will not be eligible for such grants.

Selection Criteria: The selection criteria for the grant assistance will include, but not be limited to, submission of information demonstrating the efforts of the applicant or nominee to benefit at risk children by furthering the education, cultural development, socialization and health of such children. A recipient cannot be related to a member of the committee or to any "disqualified persons" in relationship to the Foundation.

Selection Committee: The selection committee is composed of the Foundation's Board of Directors. The Board makes all decisions as to grants to be made to any entity or individual, including the number of such grants, the amount of such grant, the manner of selection of recipients, and the terms and conditions of any such grant. Members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others.

Progress Reports: Depending upon the scope of the grant assistance, the Foundation will collect progress reports and a final report from the grantee upon his or her completion of the grant project. If the grant assistance is used for study purposes, the Foundation will request academic information indicating that the student is making satisfactory progress in the study program (e.g., maintaining a particular grade-point average) and that the student is not on academic or disciplinary probation. Progress reports will be obtained and verified with the educational institution each semester. If the grant is used for travel purposes not overseen by an educational institution, the Foundation will require a report of activities and how the activities promote the purposes of the grant.

Report Follow-Up: If no report is filed by the grantee, or if the report indicates that the funds were not used in furtherance of the grant purpose, a member of the board of directors will investigate the grant. The Foundation will withhold further payments from the grantee and will

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...take reasonable steps to recover grant funds until it has determined that the funds are being used or have been used for their exempt purpose.

Record Keeping: The Foundation will retain all records submitted by the grantees and their educational institutions. The Foundation will obtain and maintain in its file evidence that no recipient is related to the Foundation or to any members of the selection committee.

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RESPONSES TO SCHOLARSHIP OR GRANTS QUESTIONNAIRE

1. Describe the class of eligible or potential recipients of your organization's grants (or scholarship). Describe any restrictions or limitations on who may apply or whom your organization will consider as possible grantees.

The Children Count Foundation (the "Foundation") considers grants to any entity who conducts programs which primarily benefit children who are "at risk." Although the definition of at risk children is broad, with respect to the Foundation it is defined to include those children who are from financially disadvantaged backgrounds. Specifically, the organization will consider grants to entities that further the education, cultural development, socialization and health of "needy children," defined as those children whose family incomes fall near or below the poverty line which the U.S. Department of Health and Human Services establishes. Relatives of members of the selection committee will not be eligible for such grants. All grants are awarded on an objective and nondiscriminatory basis.

Pursuant to its Grant Making Policy, a copy of which is attached, the Foundation may make grants to domestic entities only after verifying that the entity is either: (i) an organization which is exempt from federal income tax under Internal Revenue Code § 501(c)(3) and which is not a private foundation as defined in Internal Revenue Code § 509(a); or (ii) a governmental entity, in which case the grant must comply with Paragraph 2 of this Policy and also be made exclusively for public purposes.

Pursuant to its Grant Making Policy, the Foundation may make grants to a foreign entity only after verifying that the entity either: (i) has a ruling of determination letter from the Internal Revenue Service that the organization is described in Section 501(c)(3) of the Code and that it is classified as a public charity within the meaning of Section 509(a)(1), (2) or (3) of the Code or as a private operating corporation under Section 4942(j)(3) of the Code; or (ii) if the foreign organization does not have such a ruling or determination letter from the Internal Revenue Service, the Foundation's Board of Directors is required to make a reasonable judgment and the Foundation is required to make a good faith determination that the foreign organization is an organization described in Section 501(c)(3) and Section 509(a)(1), (2) or (3) or Section 4942(j)(3) of the Code. The Foundation's Board of Directors is required to exercise reasonable judgment that the foreign organization is described in Section 501(c)(3) (other than Section 509(a)(4)) and the Foundation is required to make a good faith determination if (a) a grant is not a transfer of assets pursuant to any liquidation, merger, redemption, recapitalization, or other adjustment, organization or reorganization described in Section 507(b)(2) of the Code and (b) the Foundation bases its reasonable judgment and good faith determination on a currently qualified affidavit that is prepared by the foreign organization for the Foundation and attested to by a principal officer of the foreign organization. The affidavit and supporting documents must be in English and comply with the provisions of Revenue Procedure 92-94, 1992-2 C.B. 507.

Pursuant to its Grant Making Policy, the Foundation may make grants to individuals, provided such grants are made pursuant to a written, objective grant-making program, which has received an advance favorable ruling from the Internal Revenue Service. Attached is a copy of

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the Foundation's proposed Individual Grant Making Policy for consideration and approval by the Internal Revenue Service. Under this policy, the Foundation would make grants, including grants for travel, study, or other similar purposes, to an individual who meets the selection criteria and whose proposal is consistent with the Foundation's goals of benefiting at risk children. An individual grantee who would use the grant for travel, study or other similar purposes would be required to submit reports including progress made, grades earned, etc., and would be subject to withholding of funds and investigation of use of funds in the event the Foundation suspected a grant was being misused.

2. State who selects the recipients from the class of eligible. Be specific. If these people are related in any way to your organization, give complete details.

The selection committee is composed of the Foundation's Board of Directors. The Board makes all decisions as to grants to be made to any entity or individual, including the number of such grants, the amount of such grant, the manner of selection of recipients, and the terms and conditions of any such grant. Members of the selection committee will not be in a position to receive private benefit, directly or indirectly, if certain potential grantees are selected over others.

3. State whether any relatives of members of the selection committee are eligible for grants assistance.

No.

4. List and describe in detail all criteria used by your selection committee in selecting recipients from the class of eligible.

The selection criteria for the grant assistance will include, but not be limited to, submission of information demonstrating the efforts of the applicant or nominee to benefit at risk children by furthering the education, cultural development, socialization and health of such children. A recipient cannot be related to a member of the committee or to any "disqualified persons" in relationship to the Foundation.

5. Explain if any grants will be made to spouses, children, descendants, spouses of descendants, or other persons related to any officers or directors of your organization.

No.

6. Describe how the grants program is publicized to ensure that all eligible individuals are likely to be informed that grants are available.

The availability of the grant program will be shared through contacts with like-minded organizations that work with disadvantaged children, such as The Seattle Foundation, Atlantic Street Center, CAYA (Central Area Youth Association), Odessa Brown Children's Clinic, Technology Access Foundation, and Zion Preparatory Academy.

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7. Explain in details your follow-up procedures to ensure that all grants will be used for the stated purposes.

Depending upon the scope of the grant assistance, the Foundation will collect progress reports and a final report from the grantee. If no report is filed by the grantee, or if the report indicates that the funds were not used in furtherance of the grant purpose, a member of the board of directors will investigate the grant. The Foundation will withhold further payments from the grantee and will take reasonable steps to recover grant funds until it has determined that the funds are being used or have been used for their exempt purpose.

8. Give the procedures you will follow if you discover a misuse of those funds.

If the Foundation determines that the funds have been misused, further funds will be withheld and the Foundation will take reasonable steps to recover grant funds.

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