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**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation****2012**

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 endingJohnston-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 ☒ 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)
\$ 6,745,909.**J** Accounting method ☒ 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** Check ☒ if the foundn is not req to att Sch B**3** Interest on savings and temporary cash investments**4** Dividends and interest from securities**5a** Gross rents**b** Net rental income or (loss)**6a** Net gain/(loss) from sale of assets not on line 10**b** Gross sales price for all assets on line 6a 72,658.**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/(loss) (att sch)**11** Other income (attach schedule)

See Statement 1

12 Total. Add lines 1 through 11

ADMINISTRATIVE AND OPERATING EXPENSES

13 Compensation of officers, directors, trustees, etc**14** Other employee salaries and wages**15** Pension plans, employee benefits**16a** Legal fees (attach schedule)**b** Accounting fees (attach sch) See St 2**c** Other prof fees (attach sch) See St 3**17** Interest**18** Taxes (attach schedule)(see instrs) See Stm 4**19** Depreciation (attach sch) and depletion**20** Occupancy**21** Travel, conferences, and meetings**22** Printing and publications**23** Other expenses (attach schedule)

See Statement 5

24 Total operating and administrative expenses. Add lines 13 through 23**25** Contributions, gifts, grants paid Part XV**26** Total expenses and disbursements. Add lines 24 and 25**27** Subtract line 26 from line 12:**a** Excess of revenue over expenses and disbursements**b** Net investment income (if negative, enter -0-)**c** Adjusted net income (if negative, enter -0-)

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			
	2	Savings and temporary cash investments	426,174.	289,541.	289,541.
	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 — US and state government obligations (attach schedule) Statement 6	71,582.	71,582.	75,309.
	b	Investments — corporate stock (attach schedule) Statement 7	2,507,233.	2,568,799.	6,103,663.
	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) Statement 8	250,000.	257,419.	274,874.
14		Land, buildings, and equipment: basis			
		Less: accumulated depreciation (attach schedule)			
15		Other assets (describe See Statement 9)	2,133.	2,522.	2,522.
16		Total assets (to be completed by all filers — see the instructions. Also, see page 1, item I)	3,257,122.	3,189,863.	6,745,909.
17		Accounts payable and accrued expenses	1,430.	2,208.	
18		Grants payable			
NET FUND ASSETS OR BALANCES	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)	1,430.	2,208.	
		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 and complete lines 27 through 31. ☒			
27	Capital stock, trust principal, or current funds	3,255,692.	3,187,655.		
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)	3,255,692.	3,187,655.		
31	Total liabilities and net assets/fund balances (see instructions)	3,257,122.	3,189,863.		

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	3,255,692.
2	Enter amount from Part I, line 27a	2	-68,037.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	3,187,655.
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	3,187,655.

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)
1 a See Statement 10				
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	-7,423.
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	-971.

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))
2011	237,818.	6,313,143.	0.037670
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

2 Total of line 1, column (d)	2	0.241913
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	0.048383
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	6,598,337.
5 Multiply line 4 by line 3	5	319,247.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,056.
7 Add lines 5 and 6	7	321,303.
8 Enter qualifying distributions from Part XII, line 4	8	259,285.

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)		1	4,112.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b.			
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	4,112.
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	4,112.
6 Credits/Payments			
a 2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a	5,600.	
b Exempt foreign organizations – tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d	7	5,600.	
8 Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	1.	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,487.	
11 Enter the amount of line 10 to be. Credited to 2013 estimated tax	11	0.	

Part VIIA 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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>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</i>		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 \$ 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? <i>If 'Yes,' attach a detailed description of the activities</i>		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? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a 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?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		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? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	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? <i>If 'No,' attach explanation</i>	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)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

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Form 990-PF (2012)

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>Fred Hanson</u> Telephone no <u>509-448-4708</u> Located at <u>5118 S Perry Spokane WA</u> ZIP + 4 <u>99223</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year. <u>15</u> <u>N/A</u>			
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		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
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)? Organizations relying on a current notice regarding disaster assistance check here ☐	1 b	X
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?	1 c	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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ Yes ☒ No If 'Yes,' list the years <u>20</u> <u>20</u> <u>20</u> <u>20</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)	2 b	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. <u>20</u> <u>20</u> <u>20</u> <u>20</u>		
3 a 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 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)	3 b	N/A
4 a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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?	4 b	X

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Form 990-PF (2012)

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)?

5 b 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?

6 b X

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

7 b

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

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 11		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.

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Form 990-PF (2012)

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	1 a	6,280,202.
b	Average of monthly cash balances	1 b	418,617.
c	Fair market value of all other assets (see instructions)	1 c	
d	Total (add lines 1a, b, and c)	1 d	6,698,819.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	6,698,819.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	100,482.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	6,598,337.
6	Minimum investment return. Enter 5% of line 5.	6	329,917.

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	329,917.
2 a	Tax on investment income for 2012 from Part VI, line 5	2 a	4,112.
b	Income tax for 2012 (This does not include the tax from Part VI.)	2 b	
c	Add lines 2a and 2b	2 c	4,112.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	325,805.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	325,805.
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	325,805.

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	1 a	259,285.
b	Program-related investments — total from Part IX-B	1 b	
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)	3 a	
b	Cash distribution test (attach the required schedule)	3 b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	259,285.
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	259,285.

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.				325,805.
2 Undistributed income, if any, as of the end of 2012.				
a Enter amount for 2011 only			2,771.	
b Total for prior years: 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f Total of lines 3a through e.	0.			
4 Qualifying distributions for 2012 from Part XII, line 4: \$ <u>259,285.</u>				
a Applied to 2011, but not more than line 2a			2,771.	
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 2012 distributable amount				256,514.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount — see instructions.		0.		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount — see instructions.			0.	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013.				69,291.
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 2007 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a.	0.			
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				

N/A

- b** Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

- (4) Gross investment income**

[illegible]

See Statement for Line 2a

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year See Statement 13				
Total			3 a	230,500.
b Approved for future payment				
Total			3 b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

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) Exclu- sion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	4,282.	
4	Dividends and interest from securities			14	198,278.	
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				16,665.	-24,088.
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue					
a	Jackson Nat'l Annuity			14	7,419.	
b	UBS Funds Fee Rebates			14	2,832.	
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)				229,476.	-24,088.
13	Total. Add line 12, columns (b), (d), and (e)				13	205,388.

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

Johnston-Hanson Foundation

94-3077091

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

	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income
Jackson Nat'l Annuity	\$ 7,419.	\$ 7,419.	\$ 7,419.
UBS Funds Fee Rebates.	2,832.	2,832.	2,832.
Total	\$ 10,251.	\$ 10,251.	\$ 10,251.

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	\$ 2,400.	\$ 480.		\$ 1,920.
Total	\$ 2,400.	\$ 480.	\$ 0.	\$ 1,920.

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	\$ 14,219.	\$ 2,844.		\$ 11,375.
Total	\$ 14,219.	\$ 2,844.	\$ 0.	\$ 11,375.

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	\$ 6,876.			
Foreign taxes	515.	\$ 103.		\$ 412.
	69.			
Payroll taxes	782.	156.		626.
Total	\$ 8,242.	\$ 259.	\$ 0.	\$ 1,038.

Johnston-Hanson Foundation

94-3077091

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	\$ 276.	\$ 55.		\$ 221.
Office expense & postage	1,617.	323.		1,294.
State filing fees	25.	5.		20.
Telephone expense	359.	72.		287.
Total	<u>\$ 2,277.</u>	<u>\$ 455.</u>	<u>\$ 0.</u>	<u>\$ 1,822.</u>

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

<u>State/Municipal Obligations</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
Tacoma WA Tax D-BUI	Cost	\$ 71,582.	\$ 75,309.
		\$ 71,582.	\$ 75,309.
Total		<u>\$ 71,582.</u>	<u>\$ 75,309.</u>

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

<u>Corporate Stocks</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
Altria Group Inc	Cost	\$ 27,632.	\$ 342,696.
American Electric Power	Cost	71,787.	153,648.
America Movil S.A.B.	Cost	30,658.	430,404.
AT&T Inc	Cost	64,815.	279,793.
Bank of East Asia	Cost	83,121.	169,750.
Bank of East Asia Ltd	Cost	30,040.	47,690.
Citic Pacific Ltd	Cost	9,000.	5,964.
Duke Energy Hldg Corp	Cost	25,539.	85,045.
Exxon Mobil Corp	Cost	17,055.	484,680.
Ford Motor Co	Cost	55,920.	103,600.
General Electric Co	Cost	10,251.	62,970.
Guocoleisure Ltd	Cost	40,810.	14,140.
Idacorp Inc	Cost	26,781.	86,700.
Inter Parfums Inc	Cost	20,302.	157,976.
Kraft Foods Inc	Cost	9,904.	114,312.
PCCW Ltd New Spons ADR	Cost	34,625.	2,895.
Philip Morris Intl Inc	Cost	62,964.	911,676.
PT Indosat TBK ADR	Cost	19,626.	43,123.
Spectra Energy Corp	Cost	18,415.	54,760.
Teekay Corp	Cost	43,970.	32,100.
Verizon Comm Inc	Cost	64,073.	205,879.
Wal Mart De Mexico	Cost	36,249.	257,585.
Harbor Int'l Fund	Cost	50,200.	55,076.
HSBC Bank USA NA CD	Cost	32,669.	41,019.

Johnston-Hanson Foundation

94-3077091

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

<u>Corporate Stocks</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
Anadarko Petroleum	Cost	\$ 13,046.	\$ 22,293.
Frontier Communications	Cost	3,819.	4,888.
FT Mutual Global	Cost	80,825.	80,330.
Mainstay Fds Conv A	Cost	45,720.	44,903.
Nuveen Tradewinds Global	Cost	0.	0.
Delaware Diversified	Cost	70,686.	69,329.
Double Line Total Return	Cost	78,537.	80,346.
Eaton Vance Global Macro	Cost	49,018.	46,880.
Eaton Vance Strategic Income	Cost	49,655.	49,607.
FT Templeton Global	Cost	87,283.	86,059.
Hartford Floating Rate	Cost	48,505.	49,568.
Loomis Sayles Strategic Income	Cost	49,991.	52,589.
Loomis Sayles Investment Grade Bd	Cost	70,149.	71,298.
Lord Abbet Floating Rate	Cost	49,283.	50,041.
Mainstay Floating Rate	Cost	64,170.	65,555.
Mainstay Funds High Yld	Cost	34,119.	35,565.
Pimco Total Return Fund	Cost	52,697.	52,250.
Pioneer Strategic Income	Cost	49,904.	51,397.
Principal High Yield	Cost	35,658.	35,207.
Blackrock Global Allocation	Cost	59,544.	63,180.
First Eagle Global	Cost	89,775.	100,302.
Iva Worldwide Fund	Cost	93,414.	92,855.
Ivy Asset Strategy	Cost	57,535.	64,935.
Permanent Portfolio Fund	Cost	73,266.	82,400.
Pimco All Assets	Cost	89,786.	91,483.
Putnam Capital Spectrum	Cost	70,228.	94,996.
T Rowe Price Capital Appreciation	Cost	75,550.	86,589.
Bank of America Corp	Cost	16,776.	23,220.
Morgan Stanley Buffered Step-up	Cost	40,000.	48,500.
UBS AG Continent Ros Rty	Cost	20,000.	22,208.
UBS Ag Airbag PS Spy	Cost	20,000.	21,379.
UBS Ag Airbag PS Spy	Cost	25,000.	28,038.
Mondelez Intl Inc	Cost	18,454.	191,992.
Total		\$ 2,568,799.	\$ 6,103,663.

Statement 8
Form 990-PF, Part II, Line 13
Investments - Other

<u>Other Securities</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
Jackson National Life Insurance Co	Cost	\$ 257,419.	\$ 274,874.
Total		\$ 257,419.	\$ 274,874.

Johnston-Hanson Foundation

94-3077091

Statement 9
Form 990-PF, Part II, Line 15
Other Assets

	<u>Book Value</u>	<u>Fair Market Value</u>
Dividends receivable-UBS . . .	\$ 2,522.	\$ 2,522.
Total	<u>\$ 2,522.</u>	<u>\$ 2,522.</u>

Statement 10
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

<u>Item</u>	<u>(a) Description</u>	<u>(b) How Acquired</u>	<u>(c) Date Acquired</u>	<u>(d) Date Sold</u>				
1	Duke Energy	Purchased	12/30/1988	7/03/2012				
2	Kraft Foods Group	Purchased	12/30/1988	10/02/2012				
3	Nuveen Tradewinds Global	Purchased	12/16/2011	4/05/2012				
4	Double Line Total Return	Purchased	9/27/2010	1/24/2012				
5	Nuveen Tradewinds Global	Purchased	12/15/2010	4/05/2012				
6	Capital Gain Dividends							
<u>Item</u>	<u>(e) Gross Sales</u>	<u>(f) Deprec. Allowed</u>	<u>(g) Cost Basis</u>	<u>(h) Gain (Loss)</u>	<u>(i) FMV 12/31/69</u>	<u>(j) Adj. Bas. 12/31/69</u>	<u>(k) Excess (i) - (j)</u>	<u>(l) Gain (Loss)</u>
1	23.		6.	17.				\$ 17.
2	15.		1.	14.				14.
3	4,988.		5,959.	-971.				-971.
4	2,787.		2,784.	3.				3.
5	48,180.		71,331.	-23,151.				-23,151.
6								16,665.
Total								<u>\$ -7,423.</u>

Statement 11
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compensation</u>	<u>Contribution to EBP & DC</u>	<u>Expense Account/Other</u>
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.

Johnston-Hanson Foundation

94-3077091

Statement 11 (continued)
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compen- sation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
Eric A Hanson 1044 W Kidd Island Road Coeur d'Alene, ID 83815	Director 0	\$ 400.	\$ 0.	\$ 0.
Ann H Scarborough 600 Ocampo 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.
Gil A Zwetsch 1221 E 54th Ave Spokane, WA 99223	Director 0	400.	0.	0.
Total		\$ 12,000.	\$ 0.	\$ 0.

Statement 12
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
E-Mail Address:
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.

Johnston-Hanson Foundation

94-3077091

Statement 13
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

<u>Name and Address</u>	<u>Donee Relationship</u>	<u>Found- ation Status</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Angels Foster Care of Santa Barbara 1489 Cantera Ave Santa Barbara, CA 93110	None	Public	General support	\$ 2,500.
Boys & Girls Club of Spokane 544 E Providence Spokane, WA 99207	None	Public	General support	5,000.
Gonzaga Preparatory School 1224 E Euclid Spokane, WA 99207	None	Public	Scholarships	20,000.
Breast Cancer Resource Center 525 W Junipero St Santa Barbara, CA 93105	None	Public	General support	2,500.
Habitat for Humanity 732 N Napa St Spokane, WA 99220	None	Public	To help people build homes & independence	15,000.
Junior Achievement 421 W Riverside Suite 702 Spokane, WA 99201	None	Public	General support	3,000.
KSPS Public Television 3911 S Regal St Spokane, WA 99223	None	Public	Educational support	1,000.
CASA Partners PO Box 8158 Spokane, WA 99203	None	Public	General support	500.
Communitas and Schools 905 W Riverside Suite 314 Spokane, WA 99201	None	Public	Educational	2,500.
Hill Center-Old Naval Hospital 921 Pennysylvania Ave SE Washington, DC 20003	None	Public	General support	15,000.
Meals on Wheels 1222 W 2nd Ave Spokane, WA 99201	None	Public	General support	2,000.
Meridian International Washington, DC 20007	None	Public	General support	10,000.

Johnston-Hanson Foundation

94-3077091

Statement 13 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

<u>Name and Address</u>	<u>Donee Relationship</u>	<u>Found- ation Status</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Union Gospel Mission 1224 E Trent Spokane, WA 99202	None	Public	General support	\$ 7,500.
YWCA 930 N Monroe Spokane, WA 99202	None	Public	General support	3,500.
Spokane Symphony 818 W Riverside Suite 100 Spokane, WA 99201	None	Public	Music or instruments	10,000.
Campus Kitchens 502 E Boone Spokane, WA 99258	None	Public	General support	5,000.
Spokane Area Youth Choir 411 S Washington St Spokane, WA 99204	None	Public	Music or instruments	4,000.
Whitworth College 100 W Hawthorne Rd Spokane, WA 99251	None	Public	Scholarships	10,000.
The American Academy of Diplomacy 1318 36th St Washington, DC 20007	None	Public	General support	7,500.
Museum of Arts & Culture 2316 W First Ave Spokane, WA 99201	None	Public	General support	10,000.
Pacific Science Center 200 Second Ave N Seattle, WA 98109	None	Public	General support	5,000.
Lutheran Academy 4400 N Ramsey Rd Couer d Alene, ID 83814	None	Public	General support	15,000.
Girl Scouts 1404 N Ash Spokane, WA 99205	None	Public	General support	5,000.
Connoisseur Concerts 315 W Mission Spokane, WA 99201	None	Public	General support	9,500.

Johnston-Hanson Foundation

94-3077091

Statement 13 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

<u>Name and Address</u>	<u>Donee Relationship</u>	<u>Found- ation Status</u>	<u>Purpose of Grant</u>	<u>Amount</u>
Eastern Washington University 19 Hargreaves Hall Cheney, WA 99004	None	Public	General support	\$ 1,500.
Friends of Land between the Lakes 345 Maintance Road Golden Pond, KY 42211	None	Public	General support	2,500.
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	5,000.
Spokane Public Radio 2319 N Monroe Spokane, WA 99205	None	Public	General support	4,500.
Riverside State Park Foundation 9711 W Charles Rd Nine Mile Falls, WA 99026	None	Public	General support	15,000.
Smith College Northampton, MA	None	Public	General support	10,000.
Spokane Youth Sports 800 N Hamilton Ste 201 Spokane, WA 99202	None	Public	General support	2,500.
USO PO Box 96860 Washington, DC 20077	None	Public	General support	2,500.
Vanessa Behan Crisis Nursery 1004 E 8th Ave Spokane, WA 99202	None	Public	General support	5,000.
Spokane Parks Foundation PO Box 2021 Spokane, WA 99210	None	Public	General support	5,000.
Friends of Khmer Culture Washington , DC 20007	None	Public	General support	1,000.
Total				\$ <u>230,500.</u>