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

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning November 01, 2012, and ending October 31, 2013

Name of foundation: THE LESTER & BERNICE SMITH FOUNDATION

A Employer identification number: 91-1156087

Number and street (or P O box number if mail is not delivered to street address): P.O. BOX 3010

Room/suite:

B Telephone number (see instructions): 425-455-0923

City or town, state, and ZIP code: BELLEVUE, WA 98009

C If exemption application is pending, check here ▶ ☐

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

D 1. Foreign organizations, check here ▶ ☐

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

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

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ $5,215,335

J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) (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 ▶ ☐

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).)*

	Line	Description	(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 (attach schedule)				
	2	Check ▶ ☐ if the foundation is not required to attach Sch B				
	3	Interest on savings and temporary cash investments	2,027	2,027	2,027	
	4	Dividends and interest from securities	99,754	99,754	99,754	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	193,061			
	b	Gross sales price for all assets on line 6a 567,935				
	7	Capital gain net income (from Part IV, line 2)		193,061		
	8	Net short-term capital gain			50,275	
	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	294,842	294,842	152,056	
Operating and Administrative 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 schedule) (STMT I)	200			200
	c	Other professional fees (attach schedule) (STMT II)	30,107	30,107	30,107	
	17	Interest				
	18	Taxes (attach schedule) (see instructions) (STMT III)	2,837	337		
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule) (STMT IV)	4,459			4,388
	24	**Total operating and administrative expenses.** Add lines 13 through 23	37,603	30,444	30,107	4,588
	25	Contributions, gifts, grants paid	275,312			275,312
	26	**Total expenses and disbursements.** Add lines 24 and 25	312,915	30,444	30,107	279,900
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	(18,073)			
	b	**Net investment income** (if negative, enter -0-)		264,398		
	c	**Adjusted net income** (if negative, enter -0-)			121,949	

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24

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	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	1,179,847	921,358	921,364
	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			
	10a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule) (STMT. V)	1,117,721	1,205,840	1,854,259
	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) (STMT. VI)	1,992,778	2,159,983	2,439,712
	14 Land, buildings, and equipment basis ▶			
	Less. accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶ Unsettled Trade Receivable)	14,908	-0-	-0-
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	4,305,254	4,287,181	5,215,335
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)			
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 ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	4,390,485	4,305,254	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	(85,231)	(18,073)	
	30 Total net assets or fund balances (see instructions)	4,305,254	4,287,181	
	31 Total liabilities and net assets/fund balances (see instructions)	4,305,254	4,287,181	

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	4,305,254
2	Enter amount from Part I, line 27a	2	(18,073)
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	4,287,181
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	4,287,181

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	* PLEASE SEE ATTACHMENT FOR DETAILS *			
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	* PLEASE SEE ATTACHMENT FOR DETAILS *			
d				
e				

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

	(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	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c	* PLEASE SEE ATTACHMENT FOR DETAILS *			
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	193,061
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	50,275

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	252,243	4,666,306	5.4
2010	310,832	4,731,172	6.6
2009	224,234	4,374,300	5.1
2008	232,616	3,800,974	6.1
2007	227,289	4,629,105	4.9

2	**Total** of line 1, column (d)	2	28.1
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	5.6
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	4,929,860
5	Multiply line 4 by line 3	5	276,072
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	2,644
7	Add lines 5 and 6	7	278,716
8	Enter qualifying distributions from Part XII, line 4	8	279,900

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 ▶ ☐ 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 ▶ ☒ and enter 1% of Part I, line 27b	1	2,644
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	-0-
3	Add lines 1 and 2	3	2,644
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	2,644
6	Credits/Payments.		
a	2012 estimated tax payments and 2011 overpayment credited to 2012 — 6a: 2,824		
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	2,824
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	-0-
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	180
11	Enter the amount of line 10 to be. **Credited to 2013 estimated tax** ▶ 180 **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

		Line	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?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for the 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. ▶ $ ______ **(2)** On foundation managers ▶ $ ______			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ ______			
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
4a	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, col (c), and Part XV*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WASHINGTON			
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 2012 or the taxable year beginning in 2012 (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 ▶

14 The books are in care of ▶ ALEXANDER M. SMITH Telephone no. ▶ 425-455-0923

Located at ▶ 700 112th AVENUE NE, # 302, BELLEVUE, WA ZIP+4 ▶ 98004

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ | 15 | N/A

			Yes	No
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?	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
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?	☐ 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	N/A	
	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 2012?		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 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 ▶ 20___, 20___, 20___, 20___				
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 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	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 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)?	**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? ☐ 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
	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?	**7b**	N/A	

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
BERNICE R. SMITH POB 3010, BELLEVUE, WA 98009	DIRECTOR (PART-TIME)	-0-	-0-	-0-
ALEXANDER M. SMITH POB 3010, BELLEVUE, WA 98009	DIRECTOR (PART-TIME)	-0-	-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 ▶				

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 The only activity of the Foundation is to make charitable contributions to other qualifying exempt organizations.	4,388
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 * NONE *	
2 * NONE *	
All other program-related investments See instructions 3 * NONE *	
Total. Add lines 1 through 3 ▶	

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	3,949,534
b	Average of monthly cash balances	1b	1,055,400
c	Fair market value of all other assets (see instructions)	1c	-0-
d	**Total** (add lines 1a, b, and c)	1d	5,004,934
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	5,004,934
4	Cash deemed held for charitable activities. Enter 1 ½ % of line 3 (for greater amount, see instructions)	4	75,074
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,929,860
6	**Minimum investment return.** Enter 5% of line 5	6	246,493

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	246,493
2a	Tax on investment income for 2012 from Part VI, line 5 — 2a: 2,644		
b	Income tax for 2012. (This does not include the tax from Part VI.) — 2b: -0-		
c	Add lines 2a and 2b	2c	2,644
3	Distributable amount before adjustments Subtract line 2c from line 1	3	243,849
4	Recoveries of amounts treated as qualifying distributions	4	-0-
5	Add lines 3 and 4	5	243,849
6	Deduction from distributable amount (see instructions)	6	-0-
7	**Distributable amount** as adjusted. Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	243,849

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	279,900
b	Program-related investments—total from Part IX-B	1b	-0-
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	-0-
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	-0-
b	Cash distribution test (attach the required schedule)	3b	-0-
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	279,900
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	2,644
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	277,256

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				243,849
2	Undistributed income, if any, as of the end of 2012.				
a	Enter amount for 2011 only			74,748	
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 ▶ $ 279,900				
a	Applied to 2011, but not more than line 2a			74,748	
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				205,152
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				38,697
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				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . . . ▶ 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)

	Tax year (a) 2012	Prior 3 years (b) 2011	(c) 2010	(d) 2009	(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	N/A				
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 foundation had $5,000 or more in assets at any time during the year—see instructions.)

1 **Information Regarding Foundation Managers:**

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

N/A

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

N/A

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

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

N/A

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

N/A

c Any submission deadlines:

N/A

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

N/A

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*				
* PLEASE SEE ATTACHMENT FOR DETAILS *				
Total . . . . ▶ **3a**				275,312
b *Approved for future payment*				
* NONE *				
Total . . . . ▶ **3b**				-0-

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (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	2,027	
4 Dividends and interest from securities			14	99,754	
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	193,061	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				294,842	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 294,842

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

Signature of officer or trustee: Alexander M. Smith | Date: 1/22/14 | Title: Foundation Manager

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
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no	

THE LESTER AND BERNICE SMITH FOUNDATION
ID 91-1156087

Statements attached to and made part of Form 990PF 2012 (Return of Private Foundation)

Statement I: Part 1, Line 16b Accounting fees

- Accounting Tax Service	***$200***

Statement II: Part 1, Line 16c Other professional fees

- McAdams Wright Ragen management fee	***30,107***

Statement III: Part 1, Line 18 Taxes

- 2011 Estimated tax payment	***2,500***
- Foreign Tax payment	***337***

Statement IV: Part 1, Line 23 Other Expenses

- Washington Federal - bank fees	$36	
- State Treasurer Annual Report	10	
- State Secretary registration renewal	25	
- Charities event expenses	4,388	***4,459***

$872	- Fred Hutchinson Cancer Research Center
$680	- Bellevue Rotary Foundation
$1,436	- Junior Achievement of Washington
$600	- Island Hospital Foundation
$800	- Hawaii State Junior Golf Association

Statement V: Part II, Line 10b Investments - Corporate Stock

	End of year Value	
	Book	***FMV***
- Abbvie Inc	21,400	23,208
- Boeing	51,551	130,500
- BP Plc adr	43,025	47,198
- Chesapeake Utilities	18,220	40,808
- Chevron Texaco	36,381	119,960
- Clorox Co Del Discretion	14,264	18,038
- Consolidated Edison	42,770	58,220
- Costco Wholesale	28,031	88,500
- Duke Energy	51,248	65,705
- Encana Corp	58,126	55,910
- F5 Networks Inc	14,186	14,269

(Continued on Page 2)

THE LESTER AND BERNICE SMITH FOUNDATION (ID 91-1156087)
(Cont.) Statements attached to and made part of Form 990PF 2012

(Cont) Statement V: Part II, Line 10b Investments - Corporate Stock

	End of year Value Book	FMV
- General Mills	$36,260	$75,630
- Intel Corp	31,951	36,705
- Johnson & Johnson	56,443	85,664
- Kellogg	34,440	63,250
- Kimberly Clark	48,715	81,000
- Kohls Corp	48,552	56,800
- Kraft Foods	43,685	54,375
- L3 Communication Holdings	35,839	50,225
- Microsoft	54,488	79,661
- Mondelez Inc	20,089	33,650
- Mosaic Co	41,699	44,933
- Peabody Energy	41,272	54,739
- Proctor & Gamble	23,858	28,263
- Schnitzer Stl Inds	42,721	48,613
- S&P Oil & Gas Equip & Svcs	18,130	22,105
- Spectra Energy	Spinoff	44,463
- Transocean Ltd Switzerland	50,286	47,070
- Verizon Communications	55,764	88,393
- Washginton Federal	46,068	56,925
- Washington RE Invsmt Trust	44,741	45,029
- Wells Fargo	30,872	64,035
- Weyerhaeuser Co	20,765	30,415
	$1,205,840	***$1,854,259***

Statement VI: Part II, Line 13 Investments - Other -

	End of year Value Book	FMV
- Doubleline Total Return Fund	75,000	74,191
- First Eagle Global Fund	491,764	560,886
- Franklin Income Advisor	178,950	198,699
- IVA Worldwide	371,740	419,252
- Oakmark Equity & Income Fund	433,324	543,603
- Permanent Portfolio Fund	274,291	277,545
- Royce Premier Fund	100,000	104,429
- Vanguard/ Wellesley Income Fund	234,914	261,107
	$2,159,983	***$2,439,712***

THE LESTER AND BERNICE SMITH FOUNDATION (EIN # 91-1156087)
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME
(ATTACHMENT TO FORM **990-PF 2012** / **PART IV 1**)

PROPERTY SOLD	P / D	DATE ACQRD	DATE SOLD	GROSS SALES PRICE	COST OF SALE	GAIN OR LOSS	ST CAPITAL GAIN OR LOSS
Stocks:							
ABB Ltd, 500 sh	P	08/02/2012	04/30/2013	11,287	8,438	2,849	2,849
ABB Ltd, 500 sh	P	01/18/2012	04/30/2013	11,287	10,385	902	
Campbell Soup, 200 sh	P	08/27/2012	04/17/2013	9,153	6,600	2,554	2,554
Campbell Soup, 2000 sh	P	various/ 2003-12	04/17/2013	91,531	57,756	33,775	
Corning Inc, 2150 sh	P	05/09/2012	10/23/2013	36,300	30,425	5,875	
Corning Inc, 1850 sh	P	various/ 2012-13	10/25/2013	32,479	22,758	9,721	9,721
Dole Food Co, 3000 sh	P	03/21/2013	08/30/2013	41,195	32,126	9,069	9,069
Engility Holdings, 83 sh	P	07/18/2012	03/05/2013	1,543	0	1,543	1,543
F5 Networks, 175 sh	P	04/02/2013	09/10/2013	15,750	15,709	41	41
iShares Barclay Treasury, 300 sh	P	03/31/2011	05/20/2013	35,669	32,795	2,874	
Johnson & Johnson, 675 sh	P	07/21/2003	07/19/2013	62,240	35,855	26,385	
Nokia Corp, 500 sh	P	03/28/2012	10/28/2013	3,406	2,744	662	
Nokia OYJ, 1000 sh	P	03/28/2012	01/23/2013	4,640	5,488	(848)	(848)
Nokia OYJ, 500 sh	P	03/28/2012	09/03/2013	2,577	2,744	(167)	
Northwest Natural Gas, 750 sh	P	02/26/1999	03/05/2013	33,112	18,281	14,831	
Paccar, 500 sh	P	01/17/2012	07/24/2013	28,001	21,545	6,456	
Peabody Energy, 600 sh	P	08/23/2012	01/09/2013	15,746	14,050	1,696	1,696
Pfizer Inc, 750 sh	P	01/26/2005	01/30/2013	20,696	18,802	1,893	
Philips Electronics, 1000 sh	P	03/27/2012	02/05/2013	30,806	20,730	10,076	10,076
Philips Electronics, 500 sh	P	03/27/2012	01/24/2013	14,733	10,365	4,368	4,368
Raytheon Co, 500 sh	P	08/24/2011	10/22/2013	37,821	23,362	14,460	
Telsa Motors, 250 sh	P	09/05/2012	04/01/2013	11,202	6,991	4,212	4,212
Western Union, 1000 sh	P	various/ 2012-13	06/11/2013	16,761	13,932	2,829	2,829
Mutual Funds Capital Gain Distributions:							
First Eagle Global Fund	N/A	N/A	N/A	N/A	N/A	10,344	
First Eagle Global Fund	N/A	N/A	N/A	N/A	N/A	2,009	2,009
IVA Worldwide	N/A	N/A	N/A	N/A	N/A	3,928	
Oakmark Equity Inc Fund	N/A	N/A	N/A	N/A	N/A	9,733	
Permanent Portfolio	N/A	N/A	N/A	N/A	N/A	2,073	
Royce Premier Fund	N/A	N/A	N/A	N/A	N/A	136	136
Royce Premier Fund	N/A	N/A	N/A	N/A	N/A	5,331	
Vanguard Wellesley Inc Fund	N/A	N/A	N/A	N/A	N/A	21	21
Vanguard Wellesley Inc Fund	N/A	N/A	N/A	N/A	N/A	3,431	
				$567,935		$193,061	$50,275

THE LESTER AND BERNICE SMITH FOUNDATION (EIN # 91-1156087)
CONTRIBUTIONS PAID DURING THE FISCAL YEAR **11/01/12 - 10/31/13**
(ATTACHMENT TO FORM 990-PF **2012** / PART XV 3a)

RECIPIENTS' NAME & ADDRESS	***RELATIONS***	***STATUS***	***PURPOSE***	***AMOUNT***
BECU Foundation 12770 Gateway Drive, Tulwila, Wa 98168	n/a	501 C 3	General Operation	$2,500
Bellevue Rotary Foundation PO Box 523, Bellevue, WA 98009	n/a	501 C 3	General Operation	6,320
Bellevue Schools Foundation PO Box 40644, Bellevue, WA 98015	n/a	501 C 3	General Operation	1,000
Center for Children & Youth Justice 615 2nd Avenue, Suite 275, Seattle, WA 98104	n/a	501 C 3	General Operation	10,000
Columbia River Maritime Museum 1792 Marine Drive, Astoria, OR 97103	n/a	501 C 3	General Operation	2,000
Credit Union for Kids 1121 SW Salmon St, #100, Portland, OR 97205	n/a	501 C 3	General Operation	1,000
Cuyamungue/Felicitas Goodman Institute 20A Feather Catcher Rd, Santa Fe, NM 87506	n/a	501 C 3	General Operation	40,000
Evergreen City Ballet 2230 Lind Ave SW, Ste 109, Renton, WA 98057	n/a	501 C 3	General Operation	3,000
Forterra NW/ Friends of Seattle Waterfront 615 2nd Avenue, Suite 625, Seattle, WA 98104	n/a	501 C 3	General Operation	5,000
Fred Hutchinson Cancer Research Center PO Box 4184, Bellevue, WA 98009	n/a	501 C 3	General Operation	14,128
Group Health Foundation 320 Westlake Ave N, Ste 100, Seattle, WA 98109	n/a	501 C 3	General Operation	10,000
Hawaii State Junior Golf Association 4330 Kukui Grove St, Lihue, HI 96766	n/a	501 C 3	General Operation	9,200
Highland Park Elementary / Seattle School District 1012 SW Trenton Street, Seattle, WA 98106	n/a	170 C 1	Student Camp Fund	1,000
Hillside Student Community School 5027 159th Place SE, Bellevue, WA 98006	n/a	501 C 3	General Operation	7,000
Holy Cross Lutheran church/ Backpack Meals 4315 129th Place SE, Bellevue, WA 98006	n/a	501 C 3	General Operation	1,500
IOSA: Islands Oil Spill Association P O Box 2316, Friday Harbor, WA 98250	n/a	501 C 4	General Operation	200
Island Hospital Foundation 1211 24th Street, Anacortes, WA 98221	n/a	501 C 3	General Operation	650
Island Stage Left 1062 Wold Road, Friday Harbor, Wa 98250	n/a	501 C 3	General Operation	1,000
Junior Achievement of Washington 1700 Westlake Ave N, #400, Seattle, WA 98109	n/a	501 C 3	General Operation	1,064
King County Sexual Assault Resource Center PO Box 300, Renton, WA 98057	n/a	501 C 3	General Operation	5,000
March of Dimes 675 Oak Street, #310, Eugene, OR 97401	n/a	501 C 3	March for Babies	2,500
Marsha Rivkin Ctr for Ovarian Cancer 801 Broadway, Ste 701, Seattle, WA 98122	n/a	501 C 3	Medical Reserch	30,000
Mary Bridge Children's Foundation PO Box 5296, Tacoma, WA 98415	n/a	501 C 3	General Operation	7,500
Narrows Cooperative Preschool 3912 Grandview Dr W, University Pl, WA 98466	n/a	501 C 3	General Operation	3,000
Northwest Kidney Center 700 Broadway, Seattle, WA 98122	n/a	501 C3	General Operation	5,000

(Continued on Page 2)

THE LESTER AND BERNICE SMITH FOUNDATION (EIN # 91-1156087)
(CONT) CONTRIBUTIONS PAID DURING THE FISCAL YEAR **11/01/12 - 10/31/13**

RECIPIENTS' NAME & ADDRESS	RELATIONS	STATUS	PURPOSE	AMOUNT
Overlake Hospital Foundation 1035 116th Avenue NE, Bellevue, WA 98004	n/a	501 C 3	General Operation	6,000
Progeria Research Foundation PO Box 3453, Peabody, MA 01961	n/a	501 C 3	Medical Reserch	1,000
Renton Community Foundation PO Box 820, Renton, WA 98057	n/a	501 C 3	School Fund	10,000
San Juan Community Theatre PO Box 1063, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	250
San Juan Historical Museum PO Box 441, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	100
San Juan Islands Agricultural Guilds PO Box 1945, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	200
San Juan Museum of Art PO Box 339, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	300
School House Supplies 2735 NE 82nd Avenue, Portland, OR 97220	n/a	501 C 3	General Operation	1,000
Seattle Children's Autism Guild 4800 Sand Point Way NE, Seattle, WA 98105	n/a	501 C 3	General Operation	5,000
Seattle Goodwill 1765 6th Avenue S, Seattle, WA 98134	n/a	501 C 3	General Operation	5,000
Seattle Rotary Service Foundation 1215 4th Ave, #1215, Seattle, WA 98161	n/a	501 C 3	General Operation	10,000
See Ya Later Foundation PO Box 8, Auburn, WA 98071	n/a	501 C 3	General Operation	600
Spring Street International School 505 Spring Street, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	300
The Healing Center 6409-1/2 Roosevelt Way NE, Seattle, WA 98115	n/a	501 C 3	General Operation	6,000
The Leukemia & Lymphoma Society 123 NW 36th Street, Ste 100, Seattle, WA 98107	n/a	501 C 3	General Operation	500
The Rose International Fund for Children 14150 NE 20th St, #F1, Bellevue, WA 98007	n/a	501 C 3	General Operation	3,000
United Way of King County 720 2nd Avenue, Seattle, WA 98104	n/a	501 C 3	General Operation	5,000
Washington News Council 1201 1st Avenue S, #331, Seattle, WA 98134	n/a	501 C 3	General Operation	1,000
Washington Policy Center PO Box 3643, Seattle, WA 98124-3643	n/a	501 C 3	General Operation	5,000
Watermark for Kids 2020 West Rudasill Rd, Tucson, AZ 85704	n/a	501 C 3	General Operation	500
World Vision PO Box 391, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	25,000
Year Up Puget Sound 2607 2nd Avenue, Seattle, WA 98121	n/a	501 C 3	General Operation	5,000
YMCA of Greater Seattle 909 4th Avenue, Seattle, WA 98104	n/a	501 C 3	General Operation	10,000
YMCA of Snohomish County 2720 Rockefeller Ave, Everett, WA 98206	n/a	501 C 3	General Operation	5,000
	TOTAL	**3a**		**$275,312**