Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

▶ Do not enter Social Security numbers on this form as it may be made public.

▶ Information about Form 990-PF and its separate instructions is at *www.irs.gov/form990pf*.

OMB No 1545-0052

2013

Open to Public Inspection

For calendar year 2013 or tax year beginning , and ending

Name of foundation
BATES FAMILY FOUNDATION

A Employer identification number
36-7294980

Number and street (or P O box number if mail is not delivered to street address)
PO BOX 6861

Room/suite

B Telephone number
253-752-4345

City or town, state or province, country, and ZIP or foreign postal code
TACOMA, WA 98417

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)* ▶$ 14,799,283.

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))		**(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			N/A	
	2 Check ▶ ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	163.	163.		STATEMENT 1
	4 Dividends and interest from securities	211,418.	211,418.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	385,363.			
	b Gross sales price for all assets on line 6a 2,756,201.				
	7 Capital gain net income (from Part IV, line 2)		385,363.		
	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)				
	11 Other income				
	12 **Total.** Add lines 1 through 11	596,944.	596,944.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	180,000.	120,000.		60,000.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 3	4,500.	0.		4,500.
	c Other professional fees STMT 4	21,252.	21,252.		0.
	17 Interest				
	18 Taxes STMT 5	10,841.	6,314.		4,527.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses				
	24 **Total operating and administrative expenses.** Add lines 13 through 23	216,593.	147,566.		69,027.
	25 Contributions, gifts, grants paid	924,000.			924,000.
	26 **Total expenses and disbursements.** Add lines 24 and 25	1,140,593.	147,566.		993,027.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	<543,649.>			
	b **Net investment income** (if negative, enter -0-)		449,378.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

RECEIVED
MAY 16 2014
OGDEN, UT
IRS-OSC

SCANNED MAY 22 2014

323501
10-10-13 LHA **For Paperwork Reduction Act Notice, see instructions.**

Form **990-PF** (2013)

12

Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only

			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	701,870.	822,263.	822,263.
	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			
	7	Other notes and loans receivable ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	1,665.		
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock STMT 6	11,641,996.	13,977,013.	13,977,013.
	c	Investments - corporate bonds			
	11	Investments - land, buildings, and equipment basis ▶			
		Less accumulated depreciation ▶			
	12	Investments - mortgage loans			
	13	Investments - other			
	14	Land, buildings, and equipment: basis ▶			
		Less accumulated depreciation ▶			
	15	Other assets (describe ▶ INTEREST RECEIVABLE)	76.	7.	7.
	16	**Total assets** (to be completed by all filers - see the instructions. Also, see page 1, item 1)	12,345,607.	14,799,283.	14,799,283.
Liabilities	17	Accounts payable and accrued expenses		2,862.	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities** (add lines 17 through 22)	0.	2,862.	
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	12,345,607.	14,796,421.	
	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			
	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**	12,345,607.	14,796,421.	
	31	**Total liabilities and net assets/fund balances**	12,345,607.	14,799,283.	

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	12,345,607.
2	Enter amount from Part I, line 27a	2	<543,649.>
3	Other increases not included in line 2 (itemize) ▶ UNREALIZED GAIN ON INVESTMENTS	3	2,994,463.
4	Add lines 1, 2, and 3	4	14,796,421.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	14,796,421.

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	SEE ATTACHED STATEMENT			
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	2,756,201.		2,370,838.	385,363.

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				
d				
e				385,363.

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	385,363.
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). If (loss), enter -0- in Part I, line 8		3	N/A

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))
2012	755,517.	12,184,039.	.062009
2011	730,450.	12,045,649.	.060640
2010	594,245.	11,198,327.	.053066
2009	452,126.	10,380,392.	.043556
2008	386,302.	5,443,654.	.070964

2 **Total** of line 1, column (d)	2	.290235
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	.058047
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	13,608,217.
5 Multiply line 4 by line 3	5	789,916.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	4,494.
7 Add lines 5 and 6	7	794,410.
8 Enter qualifying distributions from Part XII, line 4	8	993,027.

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	4,494.
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	4,494.
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	4,494.
6 Credits/Payments:				
a 2013 estimated tax payments and 2012 overpayment credited to 2013	6a	1,932.		
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	1,932.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ 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	2,562.
10 **Overpayment** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	
11 Enter the amount of line 10 to be: **Credited to 2014 estimated tax** ▶		**Refunded** ▶	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?	1a		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.*	1b		X
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ 0. **(2)** On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
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? N/A	4b		
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) ▶ IL			
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 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ HEARTLAND BANK - MCLEAN COUNTY Telephone no. ▶ 309-662-4444

Located at ▶ 205 N. MAIN ST., SUITE 101 BLOOMINGTON, IL ZIP+4 ▶ 61704

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 2013, 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)?	N/A	1b		
	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 2013?		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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013?	☐ Yes ☒ No			
	If "Yes," list the years ▶ _____, _____, _____, _____				
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.)	N/A	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. ▶ _____, _____, _____, _____				
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 2013 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 2013.)*	N/A	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 2013?		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)? ☐ 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)? N/A **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? N/A ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53 4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** No: 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 **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.

(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
REX J. BATES 140 HILLTOP DR. SEQUIM, WA 98382	GRANTOR/TRUSTEE 0.00	0.	0.	0.
PATRICIA ANN MATTINGLEY 61 COUGAR HEIGHTS DR. SEQUIM, WA 98382	TRUSTEE 10.00	0.	0.	0.
REX W. BATES 3611 NORTH WASHINGTON ST. TACOMA, WA 98407	TRUSTEE 10.00	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). 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. 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**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:			
a	Average monthly fair market value of securities		1a	13,122,038.
b	Average of monthly cash balances		1b	693,411.
c	Fair market value of all other assets		1c	
d	**Total** (add lines 1a, b, and c)		1d	13,815,449.
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	13,815,449.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) STMT 7		4	207,232.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	13,608,217.
6	**Minimum investment return.** Enter 5% of line 5		6	680,411.

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	680,411.
2a	Tax on investment income for 2013 from Part VI, line 5	2a 4,494.		
b	Income tax for 2013. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	4,494.
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	675,917.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	675,917.
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	675,917.

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	993,027.
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	
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	993,027.
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	5	4,494.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	988,533.

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 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7					675,917.
2 Undistributed income, if any, as of the end of 2013					
a Enter amount for 2012 only				0.	
b Total for prior years: ______ , ______ , ______			0.		
3 Excess distributions carryover, if any, to 2013:					
a From 2008	117,535.				
b From 2009					
c From 2010	37,405.				
d From 2011	134,862.				
e From 2012	149,171.				
f **Total** of lines 3a through e		438,973.			
4 Qualifying distributions for 2013 from Part XII, line 4: ▶ $	993,027.				
a Applied to 2012, but not more than line 2a				0.	
b Applied to undistributed income of prior years (Election required - see instructions)			0.		
c Treated as distributions out of corpus (Election required - see instructions)		0.			
d Applied to 2013 distributable amount					675,917.
e Remaining amount distributed out of corpus		317,110.			
5 Excess distributions carryover applied to 2013 (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		756,083.			
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 2012. Subtract line 4a from line 2a. Taxable amount - see instr.				0.	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014					0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)		0.			
8 Excess distributions carryover from 2008 not applied on line 5 or line 7		117,535.			
9 **Excess distributions carryover to 2014.** Subtract lines 7 and 8 from line 6a		638,548.			
10 Analysis of line 9:					
a Excess from 2009					
b Excess from 2010	37,405.				
c Excess from 2011	134,862.				
d Excess from 2012	149,171.				
e Excess from 2013	317,110.				

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2013, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			
	(a) 2013	(b) 2012	(c) 2011	(d) 2010	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the 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).)

NONE

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

NONE

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

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

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

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

c Any submission deadlines:

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

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				
5TH AVENUE THEATER 1308 5TH AVENUE SEATTLE, WA 98101	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THEATRE ARTS	7,500.
ANNIE WRIGHT SCHOOL 827 N. TACOMA AVE. TACOMA, WA 984039987	NONE	501(C)(3)	PAYMENT FOR EDUCATIONAL PROGRAMS OF THE SCHOOL	333,500.
BROOKINGS INSTITUTE 1775 MASSACHUSETTS AVE WASHINGTON, DC 20036	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF BROOKINGS INSTITUTE	40,000.
CHILDREN'S MUSEUM OF TACOMA 1501 PACIFIC AVE. SUITE 202 TACOMA, WA 98402	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE CHILDREN'S MUSEUM OF TACOMA	30,000.
COLLEGE SUCCESS FOUNDATION 950 PACIFIC AVE, SUITE 1250 TACOMA, WA 98402	NONE	501(C)(3)	GIFT TO FOUNDATION FOR SUPPORT & SCHOLARSHIPS TO INSPIRE UNDERSERVED, LOW-INCOME STUDENTS TO	8,000.
Total SEE CONTINUATION SHEET(S)			▶ 3a	924,000.
b Approved for future payment NONE				
Total			▶ 3b	0.

** SEE PURPOSE OF GRANT CONTINUATIONS

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
	(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	900099	163.			
4 Dividends and interest from securities	900099	211,418.			
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	900099				
8 Gain or (loss) from sales of assets other than inventory	900099	385,363.			
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)		596,944.		0.	0.

13 **Total** Add line 12, columns (b), (d), and (e) 13 596,944.

(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).
3	INCOME GENERATED TO PROVIDE GRANTS TO CHARITABLE ORGANIZATIONS
4	INCOME GENERATED TO PROVIDE GRANTS TO CHARITABLE ORGANIZATIONS
8	INCOME GENERATED TO PROVIDE GRANTS TO CHARITABLE ORGANIZATIONS

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

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

▶ | 5/12/14 ▶ TRUSTEE

Signature of officer or trustee | Date | Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
CATHERINE L. ALLEN, CPA	Catherine L. Allen, CPA	03/29/14		P00366065

Firm's name ▶ GUTHOFF MEHALL ALLEN & CO PC CPAS

Firm's EIN ▶ 37-0953472

Firm's address ▶ 2710 E. LINCOLN
BLOOMINGTON, IL 61704

Phone no. 309-662-4356

CONTINUATION FOR 990-PF, PART IV

BATES FAMILY FOUNDATION 36-7294980 PAGE 1 OF 1

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	20,000 SHARES SOUTHWESTERN ENERGY		VARIOUS	02/28/13
b	10,000 SHARES EXPEDITORS		VARIOUS	04/26/13
c	10,000 SHARES PACIRA		VARIOUS	05/14/13
d	10,000 SHARES INTEGRYS		VARIOUS	09/09/13
e	12,050 SHARES ADM		VARIOUS	10/31/13
f	10,000 SHARES EXPEDITORS		VARIOUS	12/11/13
g				
h				
i				
j				
k				
l				
m				
n				
o				

	(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	683,271.		668,200.	15,071.
b	333,762.		294,900.	38,862.
c	274,584.		198,788.	75,796.
d	550,013.		522,200.	27,813.
e	480,703.		330,050.	150,653.
f	433,868.		356,700.	77,168.
g				
h				
i				
j				
k				
l				
m				
n				
o				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
	(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				15,071.
b				38,862.
c				75,796.
d				27,813.
e				150,653.
f				77,168.
g				
h				
i				
j				
k				
l				
m				
n				
o				

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	385,363.
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). If (loss), enter "-0-" in Part I, line 8	3	N/A

BATES FAMILY FOUNDATION 36-7294980

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

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
ESQUESTRIAN LAND CONCERVATION RECOURCE 4037 IRON WORKS PARKWAY SUITE 120 LEXINGTON, KY 40511	NONE	501(C)(3)	PAYMENT FOR QUALITY EDUCATION FOR YOUTH IN HORSE PGM	40,000.
GREENHILL SCHOOL 4141 SPRING VALLEY ROAD ADDISON, TX 75001	NONE	501(C)(3)	PAYMENT TO BENEFIT GREENHILL SCHOOL	10,000.
JUVENILE DIABETES RESEARCH ASSOCIATION 26 BROADWAY, 14TH FL NEW YORK, NY 10004	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE JUVENILE DIABETES RESEARCH ASSOCIATION	10,000.
LINDQUIST DENTAL CLINIC 3875 S 88TH ST. TACOMA, WA 98409	NONE	501(C)(3)	PAYMENT TO SUPPORT DENTAL SERVICES TO CHILDREN IN NEED	5,000.
MARY BRIDGE HOSPITAL PO BOX 5296 TACOMA, WA 98415	NONE	501(C)(3)	PAYMENT TO BENEFIT THE HOSPITAL	50,000.
PACIFIC LUTHERAN UNIVERSITY OFFICE OF DEVELOPMENT TACOMA, WA 98447	NONE	501(C)(3)	STUDENT SCHOLARSHIP	15,000.
PINE ISLAND CAMP, INC. P.O. BOX 242 BRUNSWICK, ME 04011	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF SUMMER CAMP FOR BOYS	40,000.
PORT ANGELES SYMPHONY PO BOX 2148 PORT ANGELES, WA 98362	NONE	501(C)(3)	TO ASSIST THE PORT ANGELES SYMPHONY	10,000.
PORT TOWNSEND MARINE CENTER 532 BATTERY WAY PORT TOWNSEND, WA 98368	NONE	501(C)(3)	PAYMENT TO BENEFIT MARINE CENTER	25,000.
SEATTLE PACIFIC UNIVERSITY 3307 3RD AVENUE WEST SEATTLE, WA 98119	NONE	501(C)(3)	PAYMENT TO BENEFIT SEATTLE PACIFIC UNIVERSITY	20,000.
Total from continuation sheets				505,000.

BATES FAMILY FOUNDATION 36-7294980

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

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
SEQUIM CITY BAND 9411 OLD OLYMPIC HWY. SEQUIM, WA 98382	NONE	501(C)(3)	PAYMENT ALLOWS BAND TO BUY MUSIC & PLACE TO REHEARSE	10,000.
SHATTUCK ST. MARY'S SCHOOL PO BOX 218 FARIBAULT, MN 55021	NONE	501(C)(3)	PAYMENT TO BENEFIT SHATTUCK ST.MARY'S SCHOOL	35,000.
THE BELGRADE LAKES ASSOCIATION PO BOX 551 BELGRADE LAKES, ME 04918	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE BELGRADE LAKES ASSOCIATION	5,000.
THE GLASS MUSEUM OF TACOBA 1801 DOCK ST TACOMA, WA 98402	NONE	501(C)(3)	FOR MUSEUM EXHIBITS	50,000.
THE UNITED STATES PONY CLUBS, INC. 4041 IRON WORKS LEXINGTON, KY 40511-8483	NONE	501(C)(3)	PAYMENT FOR QUALITY EDUCATION FOR YOUTH IN HORSE PGM	40,000.
UNIVERSITY OF CHICAGO 1427 E. 60TH ST. SUITE 120 CHICAGO, IL 60637	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE UNIVERSITY OF CHICAGO	60,000.
UNIVERSITY OF WASHINGTON - SEATTLE BOX 359505 SEATTLE, WA 98195	NONE	501(C)(3)	ENDOWED STUDENT SUPPORT FUND - UW MEDICINE	20,000.
UNIVERSITY OF WASHINGTON - ST. LOUIS BOX 358430 1900 COMMERCE ST TACOMA, WA 98402	NONE	501(C)(3)	UW TACOMA BUSINESS EXCELLENCE FUND	2,500.
UNIVERSITY OF WASHINGTON 1900 COMMERCE ST. BOX 358420 TACOMA, WA 98402	NONE	501(C)(3)	PAYMENT TO BENEFIT THE SCHOOL OF BUSINESS	7,500.
WHITMAN COLLEGE 345 BOYER AVE. WALLA WALLA, WA 99362	NONE	501(C)(3)	PAYMENT FOR AWARD ENDOWMENTS FOR STUDENTS	40,000.
Total from continuation sheets				

Part XV **Supplementary Information**

3 Grants and Contributions Paid During the Year (Continuation)

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
YMCA OF TACOMA PIERCE COUNTY 1614 S. MILDRED ST. SUITE #1 TACOMA, WA 98465	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE YMCA OF TACOMA PIERCE	10,000.
Total from continuation sheets				

Part XV **Supplementary Information**

3a Grants and Contributions Paid During the Year Continuation of Purpose of Grant or Contribution

NAME OF RECIPIENT - COLLEGE SUCCESS FOUNDATION

GIFT TO FOUNDATION FOR SUPPORT & SCHOLARSHIPS TO INSPIRE UNDERSERVED, LOW-INCOME STUDENTS TO FINISH HIGH SCHOOL & COLLEGE.

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
HEARTLAND BANK	163.	163.	
TOTAL TO PART I, LINE 3	163.	163.	

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
ARCHER DANIELS MIDLAND	6,869.	0.	6,869.	6,869.	
CATERPILLAR	17,200.	0.	17,200.	17,200.	
EQT	1,350.	0.	1,350.	1,350.	
EVERGREEN RACQUET CLUB	11,362.	0.	11,362.	11,362.	
EXEDITORS INTERNATIONAL	6,000.	0.	6,000.	6,000.	
IBM	12,950.	0.	12,950.	12,950.	
INTEGRYS	20,400.	0.	20,400.	20,400.	
ITC HOLDINGS CORP	2,550.	0.	2,550.	2,550.	
MARSH AND MCLENNAN	19,200.	0.	19,200.	19,200.	
MEDTRONIC	12,300.	0.	12,300.	12,300.	
PEMBINA PIPELINE	39,890.	0.	39,890.	39,890.	
PFIZER, INC	40,147.	0.	40,147.	40,147.	
US BANCORP	17,000.	0.	17,000.	17,000.	
XL GROUP	4,200.	0.	4,200.	4,200.	
TO PART I, LINE 4	211,418.	0.	211,418.	211,418.	

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PROFESSIONAL FEES	4,500.	0.		4,500.
TO FORM 990-PF, PG 1, LN 16B	4,500.	0.		4,500.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK FEES	21,252.	21,252.		0.
TO FORM 990-PF, PG 1, LN 16C	21,252.	21,252.		0.

FORM 990-PF TAXES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
EXCISE TAXES	4,527.	0.		4,527.
FOREIGN INCOME TAXES PAID	6,314.	6,314.		0.
TO FORM 990-PF, PG 1, LN 18	10,841.	6,314.		4,527.

FORM 990-PF CORPORATE STOCK STATEMENT 6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
ARCHER DANIELS MIDLAND	0.	0.
10000 SHS BERKSHIRE HATHAWAY	1,185,600.	1,185,600.
101 SHS EVERGREEN RACQUET CLUB	202,000.	202,000.
41820 SHS PFIZER	1,280,947.	1,280,947.
408662 SHS REACTION DESIGN PREFERRED STOCK	348,662.	348,662.
10000 SHS CATERPILLAR	908,100.	908,100.
30000 MYLAN LABS	1,302,000.	1,302,000.

20000 SHS MARSH & MCLENNAN	967,200.	967,200.
25000 SHS PEMBINA PIPELINE	880,750.	880,750.
10000 SHS SOUTHWEST ENERGY	0.	0.
10000 SHS INTEGRYS	0.	0.
15000 SHS MEDTRONIC	860,850.	860,850.
20000 SHS US BANCOPR	808,000.	808,000.
15000 SHS EQT	897,800.	897,800.
211188 SHS TELPHA INC	285,104.	285,104.
15000 REACTION DESIGN	15,000.	15,000.
3500 SHS IBM	656,495.	656,495.
7000 SHS CONTINENTAL RESOURCES	787,640.	787,640.
40000 SHS QUIDEL CORP	1,235,600.	1,235,600.
139050 TELPHA INC. SERIES C	69,525.	69,525.
60,000 REACTION DESIGN	60,000.	60,000.
6,000 SHS ITC HOLDINGS CORP	574,920.	574,920.
10,000 SHS XL GROUP PLC	318,400.	318,400.
664,840 SHS TELPH, INC. SERIES C-2	332,420.	332,420.
TOTAL TO FORM 990-PF, PART II, LINE 10B	13,977,013.	13,977,013.

FORM 990-PF CASH DEEMED CHARITABLE EXPLANATION STATEMENT STATEMENT 7
PART X, LINE 4

THE CUSTOMARY 1.5% OF THE AVERAGE FAIR MARKET VALUE OF THE INVESTMENTS AND THE AVERAGE MONTHLY CASH BALANCES IS BEING HELD FOR CHARITABLE ACTIVITIES.