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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. By law, the IRS cannot redact the information on the form.**

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

OMB No 1545-0052

2013

Open to Public Inspection

For calendar year 2013, or tax year beginning 01-01-2013 , and ending 12-31-2013

Name of foundation
Johnston-Hanson Foundation

A Employer identification number
94-3077091

Number and street (or P O box number if mail is not delivered to street address) 5118 S Perry
Room/suite

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

City or town, state or province, country, and ZIP or foreign postal code
Spokane, WA 99223

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)*▶$ 7,188,666

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	4,343	4,343	4,343	
	4	Dividends and interest from securities	198,030	198,030	198,030	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	837,492			
	b	Gross sales price for all assets on line 6a 2,220,171				
	7	Capital gain net income (from Part IV, line 2)		837,492		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)	374	374	374	
	12	**Total.** Add lines 1 through 11	1,040,239	1,040,239	202,747	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	12,400	2,480		9,920
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)	2,400	480		1,920
	c	Other professional fees (attach schedule)	15,976	3,195		12,781
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	3,813	419		694
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings	7,815	1,563		6,252
	22	Printing and publications				
	23	Other expenses (attach schedule)	968	251		717
	24	**Total operating and administrative expenses.** Add lines 13 through 23	43,372	8,388		32,284
	25	Contributions, gifts, grants paid	401,398			401,398
	26	**Total expenses and disbursements.** Add lines 24 and 25	444,770	8,388		433,682
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	595,469			
	b	**Net investment income** (if negative, enter -0-)		1,031,851		
	c	**Adjusted net income** (if negative, enter -0-)			202,747	

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	289,541	838,361	838,361
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)	71,582	71,582	72,246
b	Investments—corporate stock (attach schedule)	2,568,799	2,374,913	5,657,378
c	Investments—corporate bonds (attach schedule)		312,515	312,783
11	Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
12	Investments—mortgage loans			
13	Investments—other (attach schedule)	257,419	287,173	307,546
14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
15	Other assets (describe ▶)	2,522	352	352
16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	3,189,863	3,884,896	7,188,666
Liabilities				
17	Accounts payable and accrued expenses	2,208	1,530	
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)	2,208	1,530	
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	3,187,655	3,883,366	
28	Paid-in or capital surplus, or land, bldg , and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds			
30	**Total net assets or fund balances** (see page 17 of the instructions)	3,187,655	3,883,366	
31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	3,189,863	3,884,896	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,187,655
2	Enter amount from Part I, line 27a	2	595,469
3	Other increases not included in line 2 (itemize) ▶	3	100,242
4	Add lines 1, 2, and 3	4	3,883,366
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,883,366

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)
1 a	Capital Gain Dividends			
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				22,222
c				
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				
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	837,492
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of 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	259,285	6,598,337	0 03930
2011	237,818	6,313,143	0 03767
2010	275,675	6,322,532	0 04360
2009	271,628	4,398,579	0 06175
2008	339,675	6,254,967	0 05431

2	**Total** of line 1, column (d).	2	0 23663
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years . . .	3	0 04733
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5.	4	7,026,947
5	Multiply line 4 by line 3.	5	332,550
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	10,319
7	Add lines 5 and 6.	7	342,869
8	Enter qualifying distributions from Part XII, line 4.	8	433,682

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 page 18 of the 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	10,319
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	
3	Add lines 1 and 2	3	10,319
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-	5	10,319
6	Credits/Payments		
a	2013 estimated tax payments and 2012 overpayment credited to 2013 — 6a: 4,187		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments Add lines 6a through 6d	7	4,187
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	6,132
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		No
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		No
	*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		No
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		No
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		No
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		No
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		No
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	Yes	
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	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WA			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	8b	Yes	
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		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses.*	10		No

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		No
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	Yes	
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	

Website address ▶N/A

14 The books are in care of ▶Fred Hanson Telephone no ▶(509) 448-4708

Located at ▶5118 S Perry Spokane WA ZIP+4 ▶99223

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

			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		No
	See 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 page 20 of the instructions)?	1b		No
	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		No
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 ▶ 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		No
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 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.)*	3b		No
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
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		No

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**		**No**
	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**		**No**
	If "Yes" to 6b, file Form 8870.			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No			
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	**7b**		**No**

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

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

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

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	
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	
2	
All other program-related investments See page 24 of the instructions	
3	
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	6,582,345
b	Average of monthly cash balances.	1b	551,611
c	Fair market value of all other assets (see instructions).	1c	0
d	**Total** (add lines 1a, b, and c).	1d	7,133,956
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	
3	Subtract line 2 from line 1d.	3	7,133,956
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	107,009
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	7,026,947
6	**Minimum investment return.** Enter 5% of line 5.	6	351,347

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	351,347
2a	Tax on investment income for 2013 from Part VI, line 5.	2a	10,319		
b	Income tax for 2013 (This does not include the tax from Part VI). . .	2b			
c	Add lines 2a and 2b.			2c	10,319
3	Distributable amount before adjustments Subtract line 2c from line 1.			3	341,028
4	Recoveries of amounts treated as qualifying distributions.			4	
5	Add lines 3 and 4.			5	341,028
6	Deduction from distributable amount (see instructions).			6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.			7	341,028

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	433,682
b	Program-related investments—total from Part IX-B.	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	
b	Cash distribution test (attach the required schedule).	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	433,682
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	10,319
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4.	6	423,363

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				341,028
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only.			69,291	
b Total for prior years 20___ , 20___ , 20___				
3 Excess distributions carryover, if any, to 2013				
a From 2008.				
b From 2009.				
c From 2010.				
d From 2011.				
e From 2012.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2013 from Part XII, line 4 ▶ $ 433,682				
a Applied to 2012, but not more than line 2a			69,291	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).	0			
d Applied to 2013 distributable amount.				341,028
e Remaining amount distributed out of corpus	23,363			
5 Excess distributions carryover applied to 2013 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	23,363			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount —see instructions				
e Undistributed income for 2012 Subtract line 4a from line 2a Taxable amount—see instructions				
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) (see instructions)				
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions) . . .				
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	23,363			
10 Analysis of line 9				
a Excess from 2009. . . .				
b Excess from 2010. . . .				
c Excess from 2011. . . .				
d Excess from 2012. . . .				
e Excess from 2013. . . . 23,363				

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 2013, enter the date of the ruling . . . . ▶

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

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

Part XV **Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see instructions.)**

1 **Information Regarding Foundation Managers:**

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

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

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

Johnston Hanson Foundation
5118 S Perry
Spokane, WA 99223
(509) 448-4708

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

No formal application forms required Submit inquiry by phone or mail

c Any submission deadlines

None

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

Most grants are in Spokane, Washington area No grants to individuals Grants to independent, not public institutions In general, no grants to the medical field

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
See Additional Data TableSee Additional Data Table				
Total . . . . ▶ 3a				401,398
b *Approved for future payment*				
Total . . . . ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income (See instructions)
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	4,343	
4 Dividends and interest from securities			14	198,030	
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	837,492	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a CRV Refining PTP Income			14	374	
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				1,040,239	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 1,040,239

(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)

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)**		**No**
(2) Other assets.	**1a(2)**		**No**
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	**1b(1)**		**No**
(2) Purchases of assets from a noncharitable exempt organization.	**1b(2)**		**No**
(3) Rental of facilities, equipment, or other assets.	**1b(3)**		**No**
(4) Reimbursement arrangements.	**1b(4)**		**No**
(5) Loans or loan guarantees.	**1b(5)**		**No**
(6) Performance of services or membership or fundraising solicitations.	**1b(6)**		**No**
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	**1c**		**No**

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

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

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

******	2014-05-12	******	May the IRS discuss this return with the preparer shown below (see instr)? ☑ Yes ☐ No
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
Kathryn J Lappano				P00125177
Firm's name ▶ Kathryn J Lappano CPA PLLC			Firm's EIN ▶	
Firm's address ▶ 111 S Post St Suite 450 Spokane, WA 992014900			Phone no (509)624-4715	

Form 990PF Part VIII Line 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
Norman Butler 330 6th St SE Washington, DC 20003	Director 0 00	400		
Fred L Hanson 5118 S Perry Spokane, WA 99223	Chairman 10 00	10,000		
Everett Coulter 818 W Riverside Suite 250 Spokane, WA 99201	Director 0 00	400		
Eric A Hanson 1044 W Kidd Island Road Coeur dAlene, ID 83815	Director 0 00	400		
Ann H Scarborough 600 Ocampa Drive Pacific Palisades, CA 90272	Director 0 00	400		
Victoria B Carney 330 6th St SE Washington, DC 20003	Director 0 00	400		
Pat Coulter 818 W Riverside Ste 250 Spokane, WA 99201	Director 0 00	400		

Form 990PF Part XV Line 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*				
Angels Foster Care of Santa Barbara 3905 State Street 7-115 Santa Barbara, CA 93105	None	Public	General support	2,500
Boys Girls Club of Spokane 544 E Providence Spokane, WA 99207	None	Public	General support	2,000
Gonzaga Preparatory School 1224 E Euclid Spokane, WA 99207	None	Public	Scholarships	21,306
Community Hill Foundation 419 East Capital St SE Washinton, DC 20003	None	Public	General support	6,600
Habitat for Humanity 732 N Napa St Spokane, WA 99220	None	Public	To help people build homes & independence	15,000
Junior Achievement 421 W Riverside Suite 702 Spokane, WA 99201	None	Public	General support	3,000
Crane Country School 1795 San Leandro Lane Santa Barbara, CA 91108	None	Public	Educational support	5,000
Riverpoint Adademy Mead School 11008 N Newport Hwy Mead, WA 99208	None	Public	General support	25,000
Santa Barbara Natural Museum 2559 Puesta Del Sol Santa Barbara, CA 93105	None	Public	General support	5,000
Santa Ynez Valley Arts PO Box 1008 Santa Ynez, CA 93460	None	Public	General support	500
Meals on Wheels 1222 W 2nd Ave Spokane, WA 99201	None	Public	General support	2,000
Meridian International 1630 Crescent Pl NW Washington, DC 20009	None	Public	General support	10,000
Union Gospel Mission 1224 E Trent Spokane, WA 99202	None	Public	General support	10,000
YMCA PO Box 208 Spokane, WA 99210	None	Public	General support	4,000
Spokane Symphony 818 W Riverside Suite 100 Spokane, WA 99201	None	Public	Music or instruments	4,000
Total . . . . ▶ **3a**				401,398

Form 990PF Part XV Line 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*				
Campus Kitchens 502 E Boone Spokane, WA 99258	None	Public	General support	5,000
Spokane Youth Sports 800 N Hamilton Ste 201 Spokane, WA 99202	None	Public	General support	2,500
Whitworth College 100 W Hawthorne Rd Spokane, WA 99251	None	Public	Scholarships	10,000
The American Academy of Diplomacy 1318 36th St Washington, DC 20007	None	Public	General support	5,000
Museum of Arts Culture 2316 W First Ave Spokane, WA 99201	None	Public	General support	10,000
Pacific Science Center 200 Second Ave N Seattle, WA 98109	None	Public	General support	5,000
Musicfest Northwest 3910 W Custer Dr Spokane, WA 99224	None	Public	General support	2,000
Girl Scouts 1404 N Ash Spokane, WA 99205	None	Public	General support	5,000
Connoisseur Concerts 315 W Mission 18 Spokane, WA 99201	None	Public	General support	4,000
Storytellers 2115 State Street Santa Barbara, CA 93105	None	Public	General support	10,000
Friends of Land between the Lakes 345 Maintance Road Golden Pond, KY 42211	None	Public	General support	3,000
The Friendship Paddle 920 Garden St Santa Barbara, CA 93101	None	Public	General support	1,000
Schweitzer Alpine Racing School PO Box 63 Sandpoint, ID 83864	None	Public	General support	10,000
Spokane Public Radio 2319 N Monroe Spokane, WA 99205	None	Public	General support	5,000
Boy Scouts of America 411 W Boy Scout Way Spokane, WA 99201	None	Public	General support	5,000
Total . . . . ▶ **3a**				401,398

Form 990PF Part XV Line 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*				
The Cathedral of St John 127 E 12th Ave Spokane, WA 99202	None	Public	General support	5,000
USO PO Box 96860 Washington, DC 20077	None	Public	General support	5,000
Vanessa Behan Crisis Nursery 1004 E 8th Ave Spokane, WA 99202	None	Public	General support	5,000
Teddy Bear Cancer Foundation 133 E De La Guerra St 163 Santa Barbara, CA 93101	None	Public	General support	750
Hill Center Old Naval Hospital 921 Pennsylvania Ave SE Washington, DC 20003	None	Public	General support	15,000
UBS Donor Advised Fund 165 Township Line Rd Ste 150 Jenkintown, PA 19046	None	Public	General support	100,242
All Saints by the Sea School 84 Eucalyptus Lane Montecito, CA 93108	None	Public	General support	2,000
Gonzaga University 502 E Boone Spokane, WA 99207	None	Public	General support	50,000
Hospice of Spokane 121 S Arthur St Spokane, WA 99202	None	Public	General support	15,000
Living Land Waters 17624 Route 84 North Meast Moline, IL 61244	None	Public	General support	5,000
Total . . . . ▶ **3a**				401,398

TY 2013 Accounting Fees Schedule

Name: Johnston-Hanson Foundation
EIN: 94-3077091
Software ID: 13000170
Software Version: 2013v3.1

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Accounting fees	2,400	480	0	1,920

TY 2013 Investments Corporate Bonds Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Name of Bond	End of Year Book Value	End of Year Fair Market Value
First Eagle High Yield Cl A	36,460	36,894
Goldman Sach Strategic	36,326	36,917
Ivy High Income Fd	92,824	92,596
Pimco Income Fd	73,019	73,015
Rivernorth/Doubleline	73,886	73,361

TY 2013 Investments Corporate Stock Schedule

Name: Johnston-Hanson Foundation
EIN: 94-3077091
Software ID: 13000170
Software Version: 2013v3.1

Name of Stock	End of Year Book Value	End of Year Fair Market Value
Altria Group Inc	27,632	418,451
American Electric Power	71,787	168,264
America Movil S.A.B.	30,658	434,682
AT&T Inc	64,815	291,828
Bank of East Asia	26,074	43,965
Citic Pacific Ltd		
Duke Energy Hldg Corp	25,539	91,990
Exxon Mobil Corp	13,873	460,966
Ford Motor Co	55,920	123,440
General Electric Co	10,251	84,090
Guocoleisure Ltd	40,810	18,897
Idacorp Inc		
Inter Parfums Inc	20,302	290,706
Kraft Foods Inc	9,904	135,530
PCCW Ltd New Spons ADR		
Philip Morris Intl Inc	45,119	348,520
PT Indosat TBK ADR	19,626	20,864
Spectra Energy Corp	18,415	71,240
Teekay Corp	43,970	48,010
Verizon Comm Inc	64,073	233,808
Wal Mart De Mexico	36,249	205,251
Harbor Int'l Fund	51,526	64,350
HSBC Bank USA NA CD	33,442	43,386
Anadarko Petroleum	13,046	23,796
Frontier Communications	3,078	5,310
FT Mutual Global	56,930	55,464
Mainstay Fds Conv A		
Nuveen Tradewinds Global		
Delaware Diversified		
Double Line Total Return	73,597	71,679

Name of Stock	End of Year Book Value	End of Year Fair Market Value
Eaton Vance Global Macro		
Eaton Vance Strategic Income		
FT Templeton Global		
Hartford Floating Rate		
Loomis Sayles Strategic Income		
Loomis Sayles Investment Grade Bd		
Lord Abbet Floating Rate		
Mainstay Floating Rate		
Mainstay Funds High Yld	36,145	37,119
Pimco Total Return Fund		
Pioneer Strategic Income		
Principal High Yield		
Blackrock Global Allocation		
First Eagle Global	47,642	56,649
Iva Worldwide Fund		
Ivy Asset Strategy		
Permanent Portfolio Fund		
Pimco All Assets	57,521	53,299
Putnam Capital Spectrum	58,779	100,670
T Rowe Price Capital Appreciation	45,467	57,476
Bank of America Corp	16,776	31,140
Morgan Stanley Buffered Step-up	40,000	61,720
UBS AG Continent Ros Rty	20,000	27,420
UBS Ag Airbag PS Spy	20,000	27,989
UBS Ag Airbag PS Spy	25,000	41,352
Mondelez Intl Inc	18,454	266,268
Cisco Systems Inc 300 shs	6,243	6,729
Hecla Mining Co 3000 shs	12,780	9,240
Transparent Value Directional Alloc Fund	56,046	58,620
Yacktman Fund Svc Class	75,099	76,860

Name of Stock	End of Year Book Value	End of Year Fair Market Value
Blackrock Global Long/Short Credit Fd	36,216	36,691
Mainstay Marketfield	72,298	73,942
Neuberger Berman Long Short Fd	72,606	75,152
Virtus Dynamic Alpha Sector	54,188	59,673
Wells Fargo Advantage Absolute Return Fd	54,999	55,549
361 Managed Futures Strategy Fd	56,094	53,270
Goldman Sachs Income Bldr Fd	55,341	56,941
Hartford Balanced Income Fd	54,933	56,141
Hennessy Equity & Income Fd	56,108	56,534
Invesco Balanced Risk Alloc	58,085	54,191
Janus Balanced Fd A	56,249	57,426
Kinetics Multi-Disciplinary Adv Fd	55,747	54,358
Manning & Napier Fd Inc Pro-Blend	57,150	56,401
Pioneer Multi-Asset Real Return	56,265	57,105
Principal Global Diversified Inc Fd	73,517	74,157
Rivernorth Core Opportunity Fd	58,114	56,972
Sentinel Conservative Strategies Fd	54,415	55,837

TY 2013 Investments Government Obligations Schedule

Name:	Johnston-Hanson Foundation
EIN:	94-3077091
Software ID:	13000170
Software Version:	2013v3.1
US Government Securities - End of Year Book Value:	
US Government Securities - End of Year Fair Market Value:	
State & Local Government Securities - End of Year Book Value:	71,582
State & Local Government Securities - End of Year Fair Market Value:	72,246

TY 2013 Investments - Other Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
CVR Refng LP MLP	AT COST	29,754	27,144
Jackson National Life Insurance Co	AT COST	257,419	280,402

TY 2013 Other Assets Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
Dividends receivable-UBS	2,522	352	352

TY 2013 Other Expenses Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Foreign conversion fees	78	78		
Office expense & postage	560	112		448
State filing fees	25			25
Telephone expense	305	61		244

TY 2013 Other Income Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
CRV Refining PTP Income	374	374	374

TY 2013 Other Increases Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Description	Amount
FMV of Exxon stock distributed to Donor Advised Fund	100,242

TY 2013 Other Professional Fees Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Investment management fees	15,976	3,195	0	12,781

TY 2013 Taxes Schedule

Name: Johnston-Hanson Foundation

EIN: 94-3077091

Software ID: 13000170

Software Version: 2013v3.1

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Federal income taxes	2,700			
Foreign taxes	245	245		
Payroll taxes	868	174		694