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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.
▶ 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 November 01, 2013, and ending October 31, 2014

Name of foundation The Lester & Bernice Smith Foundation		A Employer identification number 91-1156087
Number and street (or P O box number if mail is not delivered to street address) P.O. Box 3010	Room/suite	B Telephone number (see instructions) 425-455-0923
City or town, state or province, country, and ZIP or foreign postal code Bellevue, WA 98009		C If exemption application is pending, check here ☐
G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization: ☐ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ 5,138,848	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))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	2,377	2,377	2,377	
	4 Dividends and interest from securities	95,259	95,259	95,259	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	184,692			
	b Gross sales price for all assets on line 6a 455,832				
	7 Capital gain net income (from Part IV, line 2)		184,692		
	8 Net short-term capital gain			18,270	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	282,328	282,328	115,906		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule) (STMT. I)	250			250
	c Other professional fees (attach schedule) (STMT. II)	34,540	34,540	34,540	
	17 Interest				
	18 Taxes (attach schedule) (see instructions) (STMT. III)	4,224	474		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) (STMT. IV)	3,257			3,153
	24 Total operating and administrative expenses. Add lines 13 through 23	42,271	35,014	34,540	3,403
	25 Contributions, gifts, grants paid	320,547			320,547
26 Total expenses and disbursements. Add lines 24 and 25	362,818	35,014	34,540	323,950	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	(80,490)				
b Net investment income (if negative, enter -0-)		247,314			
c Adjusted net income (if negative, enter -0-)			81,366		

For Paperwork Reduction Act Notice, see instructions.

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	921,358	632,911	632,911
	3 Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule) (STMT. V.)	1,205,840	1,232,905	1,915,030
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule) (STMT. VI)	2,159,983	2,340,875	2,590,907
	14 Land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	4,287,181	4,206,691	5,138,848
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	4,305,254	4,287,181	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	(18,073)	(80,490)	
	30 Total net assets or fund balances (see instructions)	4,287,181	4,206,691	
	31 Total liabilities and net assets/fund balances (see instructions)	4,287,181	4,206,691	

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	4,287,181
2 Enter amount from Part I, line 27a	2	(80,490)
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	4,206,691
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	4,206,691

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	* PLEASE SEE ATTACHMENT FOR DETAILS *			
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	* PLEASE SEE ATTACHMENT FOR DETAILS *			
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	* PLEASE SEE ATTACHMENT FOR DETAILS *			
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	184,692	
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	18,270	

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.

(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	277,256	4,929,860	5.6
2011	252,243	4,666,306	5.4
2010	310,832	4,731,172	6.6
2009	224,234	4,374,300	5.1
2008	232,616	3,800,974	6.1
2	Total of line 1, column (d)	2	28.8
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	5.8
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	5,186,544
5	Multiply line 4 by line 3	5	300,820
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	2,473
7	Add lines 5 and 6	7	303,293
8	Enter qualifying distributions from Part XII, line 4 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.	8	323,950

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b	1	2,473	
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	-0-	
3	Add lines 1 and 2	3	2,473	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	-0-	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	2,473	
6	Credits/Payments:			
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	3,930	
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	3,930	
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		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,457	
11	Enter the amount of line 10 to be: Credited to 2014 estimated tax 1,457 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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ _____ (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? <i>If "Yes," attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes.</i>		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ► WASHINGTON		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address ▶				
14	The books are in care of ▶ <u>ALEXANDER M. SMITH</u> Telephone no. ▶ <u>425-455-0923</u>			
	Located at ▶ <u>700 112th AVENUE NE, #302, BELLEVUE, WA</u> ZIP+4 ▶ <u>98004</u>			
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 ▶ <u>15</u> <u>N/A</u>			
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	Yes	No
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? . . . ☐ Yes ☒ No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . ☐ Yes ☒ No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? . . . ☐ Yes ☒ No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	N/A
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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 ▶ 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b	If "Yes," did it have excess business holdings in 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	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 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)? (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)?Organizations relying on a current notice regarding disaster assistance check here ☐**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☒ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

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

If "Yes" to 6b, file Form 8870.

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

5b	N/A
6b	X
7b	N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
BERNICE R. SMITH POB 3010 BELLEVUE, WA 98009	Director (Part-time)	-0-	-0-	-0-
ALEXANDER M. SMITH POB 3010, BELLEVUE, WA 98009	Director (Part-time)	-0-	-0-	-0-

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
* NONE *				

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

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services** (see instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
* NONE *		
Total number of others receiving over \$50,000 for professional services		

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 The only activity of the Foundation is to make charitable contributions to other qualifying exempt organizations.	3,153
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 * NONE *	
2 * NONE *	
All other program-related investments See instructions	
3 * NONE *	
Total. Add lines 1 through 3	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	4,428,780
b	Average of monthly cash balances	1b	836,747
c	Fair market value of all other assets (see instructions)	1c	-0-
d	Total (add lines 1a, b, and c)	1d	5,265,527
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	-0-
2	Acquisition indebtedness applicable to line 1 assets	2	-0-
3	Subtract line 2 from line 1d	3	5,265,527
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see instructions)	4	78,983
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5,186,544
6	Minimum investment return. Enter 5% of line 5	6	259,327

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	259,327
2a	Tax on investment income for 2013 from Part VI, line 5	2a	2,473
b	Income tax for 2013. (This does not include the tax from Part VI.)	2b	-0-
c	Add lines 2a and 2b	2c	2,473
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	256,854
4	Recoveries of amounts treated as qualifying distributions	4	-0-
5	Add lines 3 and 4	5	256,854
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	256,854

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	323,950
b	Program-related investments—total from Part IX-B	1b	-0-
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	-0-
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	-0-
b	Cash distribution test (attach the required schedule)	3b	-0-
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	323,950
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	2,473
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	321,477

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				256,854
2 Undistributed income, if any, as of the end of 2013:				
a Enter amount for 2012 only			38,697	
b Total for prior years: 20____, 20____, 20____		-0-		
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	-0-			
4 Qualifying distributions for 2013 from Part XII, line 4: ► \$ <u>323,950</u>				
a Applied to 2012, but not more than line 2a			38,697	
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				256,854
e Remaining amount distributed out of corpus	28,399			
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	28,399			
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 instructions			-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) (see instructions)	-0-			
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions)	-0-			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	28,399			
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	28,399			

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 **N/A**

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

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

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

1 Information Regarding Foundation Managers:

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

N/A

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

N/A

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

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

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

N/A

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

N/A

c Any submission deadlines:

N/A

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

N/A

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i> * PLEASE SEE ATTACHMENT FOR DETAILS *				
Total			3a	320,547
b <i>Approved for future payment</i> * NONE *				
Total			3b	-0-

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue:					
a	_____					
b	_____					
c	_____					
d	_____					
e	_____					
f	_____					
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	2,377	
4	Dividends and interest from securities			14	95,259	
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	184,692	
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)				282,328	
13	Total. Add line 12, columns (b), (d), and (e)				13	282,328

(See worksheet in line 13 instructions to verify calculations.)

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

[illegible]

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

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

[illegible]

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer or trustee Alexander M. Smith Date 1/

1/29/15

Foundation Manager

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

**Paid
Preparer
Use Only**

Print/Type preparer's name

Preparer's signature

Date _____

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ►

Firm's address ►

Phone no

THE LESTER AND BERNICE SMITH FOUNDATION

ID 91-1156087

Statements attached to and made part of Form 990PF 2013 (Return of Private Foundation)

Statement I: Part 1, Line 16b Accounting fees

- Accounting Tax Service **\$250**

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

- McAdams Wright Ragen management fee **34,540**

Statement III: Part 1, Line 18 Taxes

- 2013 Estimated tax payment **3,750**

- Foreign Tax payment **474**

Statement IV: Part 1, Line 23 Other Expenses

- Washington Federal - bank fees	\$69	
- State Treasurer Annual Report	10	
- State Secretary registration renewal	25	
- Charities event expenses	3,153	3,257

\$872 - Fred Hutchinson Cancer Research Center

\$276 - Bellevue Rotary Foundation

\$30 - Bellevue Schools Foundation

\$1,000 - Puget Sound Blood Center

\$800 - Hawaii State Junior Golf Association

\$175 - Overlake Medical Center Foundation

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

	<i>End of year Value</i>	
	<i>Book</i>	<i>FMV</i>
- Abbvie Inc	21,400	30,397
- Boeing	51,551	124,910
- BP Plc adr	21,234	21,730
- Chesapeake Utilities	18,220	54,484
- Chevron Texaco	36,381	119,950
- Clorox Co Del Discretion	14,264	19,900
- Consolidated Edison	42,770	63,360
- Costco Wholesale	28,031	100,027
- Cree Inc	23,332	15,331
- Digital Realty Trust	22,203	31,942
- Duke Energy	51,248	75,249

(Continued on Page 2)

THE LESTER AND BERNICE SMITH FOUNDATION (ID 91-1156087)
(Cont.) Statements attached to and made part of Form 990PF 2013

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

	<i>End of year Value</i>	
	<i>Book</i>	<i>FMV</i>
- EMC Corp Mass	\$46,451	\$52,174
- Encana Corp	58,126	58,126
- FirstEnergy Corp	26,885	27,296
- General Mills	36,260	77,940
- HCP Inc Com	22,195	25,327
- Intel Corp	21,352	34,010
- Johnson & Johnson	56,443	99,696
- Kellogg	34,440	63,960
- Kimberly Clark	38,972	68,562
- Kraft Foods	43,685	56,350
- Microsoft	48,539	93,900
- Mosaic Co	41,699	43,424
- Peabody Energy	41,272	29,308
- Proctor & Gamble	23,858	30,544
- Sanofi	22,958	20,947
- Schnitzer Stl Inds	42,721	39,423
- Spectra Energy	Spinoff	39,130
- Telefonica Brasil SA	23,928	24,017
- TEVA Pharmaceutical	22,467	30,381
- Transocean Ltd Switzerland	46,382	32,008
- Verizon Communications	55,764	87,937
- Washington Federal	46,068	54,575
- Washington RE Invsmt Trust	50,169	55,220
- Wells Fargo	30,872	79,635
- Weyerhaeuser Co	20,765	33,860
	<u>\$1,232,905</u>	<u>\$1,915,030</u>

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

	<i>End of year Value</i>	
	<i>Book</i>	<i>FMV</i>
- First Eagle Global Fund	491,764	560,886
- Franklin Income Advisor	104,275	119,707
- IVA Worldwide	371,740	420,618
- Oakmark Equity & Income Fund	433,324	550,010
- Permanent Portfolio Fund	604,858	571,657
- Royce Premier Fund	100,000	100,625
- Vanguard/ Wellesley Income Fund	234,914	267,404
	<u>\$2,340,875</u>	<u>\$2,590,907</u>

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<u>PROPERTY SOLD</u>	<u>P / D</u>	<u>DATE ACQ'D</u>	<u>DATE SOLD</u>	<u>GROSS SALES PRICE</u>	<u>COST OF SALE</u>	<u>GAIN OR LOSS</u>	<u>ST CAPITAL GAIN OR LOSS</u>
BP Plc Adr, 515 sh	P	Various/2013	03/14/2014	24,586	21,791	2,795	2,795
Doubleline Total, 6756.947 units	P	Various/2011-12	02/26/2014	74,394	75,000	(606)	
F5 Networks, 175 sh	P	04/10/2013	03/05/2014	20,125	14,186	5,939	5,939
Franklin Inc Adv, 34979.424 units	P	Various/2011-12	10/02/2014	85,000	74,675	10,325	
Intel Corp, 500 sh	P	09/19/2011	03/14/2014	12,256	10,599	1,657	
Kimberly Clark, 150 sh	P	05/02/2008	03/14/2014	16,456	9,743	6,713	
Kohls Corp, 500 sh	P	05/07/2012	01/13/2014	26,785	25,249	1,535	
Kohls Corp, 500 sh	P	03/08/2013	01/13/2014	26,785	23,303	3,482	
L3 Communications, 500 sh	P	03/30/2012	04/11/2014	56,900	35,839	21,062	3,482
Microsoft, 250 sh	P	06/18/2009	03/14/2014	9,461	5,949	3,512	
Mondelez Intl, 1000 sh	P	07/21/2003	03/13/2014	34,499	20,089	14,410	
S&P Oil & Gas Equip, 100 sh	P	01/16/2013	02/03/2014	3,979	3,626	353	
S&P Oil & Gas Equip, 400 sh	P	01/16/2013	02/03/2014	15,912	14,504	1,408	
Spectra Energy, 250 sh	P	01/08/2007	03/14/2014	9,120	0	9,120	
Tranocoan Ltd, 1000 sh	P	Various/2011-13	03/14/2014	39,574	50,286	(10,712)	

First Eagle Global Fund	N/A	N/A	N/A	N/A	14,685
First Eagle Global Fund	N/A	N/A	N/A	N/A	3,341
IVA Worldwide	N/A	N/A	N/A	N/A	10,353
IVA Worldwide	N/A	N/A	N/A	N/A	2,239
Oakmark Equity Inc Fund	N/A	N/A	N/A	N/A	40,773
Permanent Portfolio	N/A	N/A	N/A	N/A	25,053
Royce Premier Fund	N/A	N/A	N/A	N/A	10,258
Vanguard Wellesley Inc Fund	N/A	N/A	N/A	N/A	6,523
Vanguard Wellesley Inc Fund	N/A	N/A	N/A	N/A	474
			\$455,832		\$184,692
					\$18,270

THE LESTER AND BERNICE SMITH FOUNDATION (EIN # 91-1156087)
CONTRIBUTIONS PAID DURING THE FISCAL YEAR 11/01/13 - 10/31/14
 (ATTACHMENT TO FORM 990-PF 2013 / PART XV 3a)

(Page 1 of 2)

<u>RECIPIENTS' NAME & ADDRESS</u>	<u>RELATIONS</u>	<u>STATUS</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
ACT Theatre 700 Union Street, Seattle, WA 98101	n/a	501 C 3	General Operation	\$1,000
Avon Products Foundation 777 3rd Avenue, New York, NY 10017	n/a	501 C 3	General Operation	1,000
BECU Foundation 12770 Gateway Drive, Tulwila, Wa 98168	n/a	501 C 3	General Operation	5,000
Bellevue Rotary Foundation PO Box 523, Bellevue, WA 98009	n/a	501 C 3	General Operation	5,724
Bellevue Schools Foundation PO Box 40644, Bellevue, WA 98015	n/a	501 C 3	General Operation	970
Bellwether Housing 1651 Bellevue Avenue, Seattle, WA 98122	n/a	501 C 3	General Operation	2,500
Boys & Girls Clubs of Snohomish County 9502 19th Avenue SE, #F, Everett, WA 98208	n/a	501 C 3	General Operation	250
Bread of Life Mission 97 S Main Street, Seattle, WA 98104	n/a	501 C 3	General Operation	1,000
Clothes for Kids 16725 52nd Avenue W, #B Lynnwood, WA 98037	n/a	501 C 3	General Operation	500
Columbia River Maritime Museum 1792 Marine Drive, Astoria, OR 97103	n/a	501 C 3	General Operation	2,000
Credit Union for Kids 1121 SW Salmon St, #100, Portland, OR 97205	n/a	501 C 3	General Operation	1,000
Eastside Social Concern Council 2650 148th Avenue SE, Bellevue, WA 98006	n/a	501 C 3	General Operation	1,500
Fred Hutchinson Cancer Research Center PO Box 4184, Bellevue, WA 98009	n/a	501 C 3	General Operation	29,628
Friends of the San Juan Library 1010 Guard Street, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	350
Hawaii State Junior Golf Association 4330 Kukui Grove St, Lihue, HI 96766	n/a	501 C 3	General Operation	4,200
Hillel Foundation for Jewish Life at UW 4745 17th Avenue NE, Seattle, WA 98105	n/a	501 C 3	General Operation	5,000
Hillside Student Community School 5027 159th Place SE, Bellevue, WA 98006	n/a	501 C 3	General Operation	10,000
Island Hospital Foundation 1211 24th Street, Anacortes, WA 98221	n/a	501 C 3	General Operation	1,250
Island Stage Left 1062 Wold Road, Friday Harbor, Wa 98250	n/a	501 C 3	General Operation	1,000
Jubilee Reach 14200 SE 13th Place, Bellevue, WA 98007	n/a	501 C 3	General Operation	2,000
Junior Achievement of Washington 1700 Westlake Ave N, #400, Seattle, WA 98109	n/a	501 C 3	General Operation	1,500
KidsQuest Children's Museum 4091 Factoria Mall SE, Bellevue, WA 98006	n/a	501 C 3	General Operation	5,000
King County Sexual Assault Resource Center PO Box 300, Renton, WA 98057	n/a	501 C 3	General Operation	5,000
March of Dimes 675 Oak Street, #310, Eugene, OR 97401	n/a	501 C 3	March for Babies	2,500
Marsha Rivkin Ctr for Ovarian Cancer 801 Broadway, Ste 701, Seattle, WA 98122	n/a	501 C 3	Medical Reserch	50,000
Marylhurst University 17600 Pacific Hwy 43, Marylhurst, OR 97036	n/a	501 C 3	Scholarship Fund	5,000

(Continued on Page 2)

THE LESTER AND BERNICE SMITH FOUNDATION (EIN # 91-1156087)
(CONT) CONTRIBUTIONS PAID DURING THE FISCAL YEAR 11/01/13 - 10/31/14

(CONTINUED: ATTACHMENT TO FORM 990-PF 2013 / PART XV 3a)

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<u>RECIPIENTS' NAME & ADDRESS</u>	<u>RELATIONS</u>	<u>STATUS</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
Mary Bridge Children's Foundation PO Box 5296, Tacoma, WA 98415	n/a	501 C 3	General Operation	10,000
Narrows Cooperative Preschool 3912 Grandview Dr W, University Pl, WA 98466	n/a	501 C 3	General Operation	3,000
Northwest Harvest 1601 5th Avenue, #1120, Seattle, WA 98101	n/a	501 C 3	General Operation	5,000
Overlake Medical Center Foundation 1035 116th Avenue NE, Bellevue, WA 98004	n/a	501 C 3	General Operation	9,825
Puget Sound Blood Center 921 Terry Avenue, Seattle, WA 98104	n/a	501 C 3	General Operation	4,000
Renton Community Foundation PO Box 820, Renton, WA 98057	n/a	501 C 3	School Fund	12,750
Seattle Cancer Care Alliance 825 Eastlake Avenue E., Seattle, WA 98109	n/a	501 C 3	General Operation	1,000
See Ya Later Foundation PO Box 8, Auburn, WA 98071	n/a	501 C 3	General Operation	600
Tateuchi Center 855 106th NE, #150, Bellevue, WA 98004	n/a	501 C 3	General Operation	10,000
The Cuyamungue Institute 20-A Feather Catcher Rd, Santa Fe, NM 87506	n/a	501 C 3	General Operation	20,000
The Healing Center 6409-1/2 Roosevelt Way NE, Seattle, WA 98115	n/a	501 C 3	General Operation	5,000
The Leukemia & Lymphoma Society 123 NW 36th Street, Ste 100, Seattle, WA 98107	n/a	501 C 3	General Operation	500
The Rose International Fund for Children 14150 NE 20th St, #F1, Bellevue, WA 98007	n/a	501 C 3	General Operation	10,000
United Way of King County 720 2nd Avenue, Seattle, WA 98104	n/a	501 C 3	General Operation	15,000
University of Washington Foundation 407 Gerberding Hall, Box 351210, Seattle, WA 98195	n/a	501 C 3	General Operation	10,000
Village Theatre 303 Front Street N, Issaquah, WA 98027	n/a	501 C 3	General Operation	1,000
Washington Int'l Trade Education Foundation 1301 5th Avenue, #1500, Seattle, WA 98101	n/a	501 C 3	General Operation	5,500
Washington Policy Center PO Box 3643, Seattle, WA 98124-3643	n/a	501 C 3	General Operation	5,000
Washington Sensible Shorelines Association PO Box 6773, Bellevue, WA 98008	n/a	501 C 3	General Operation	5,000
World Vision PO Box 391, Friday Harbor, WA 98250	n/a	501 C 3	General Operation	35,000
YMCA of Snohomish County 2720 Rockefeller Ave, Everett, WA 98206	n/a	501 C 3	General Operation	5,000
YWCA of Seattle 1118 5th Avenue, Seattle, WA 98101	n/a	501 C 3	General Operation	2,500
TOTAL				3a \$320,547