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Return of Private Foundation

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

OMB No 1545-0052

2014

Open to Public Inspection

Department of the Treasury
Internal Revenue ServiceDo 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.

For calendar year 2014 or tax year beginning

, and ending

Name of foundation BATES FAMILY FOUNDATION		A Employer identification number 36-7294980
Number and street (or P.O. box number if mail is not delivered to street address) PO BOX 6861	Room/suite	B Telephone number 253-752-4345
City or town, state or province, country, and ZIP or foreign postal code TACOMA, WA 98417		C If exemption application is pending, check here ☐
G Check all that apply: ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 14,637,518.	J Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check ☒ If the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments		37,961.	37,961.		STATEMENT 1
4 Dividends and interest from securities		200,481.	200,481.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		136,338.			
b Gross sales price for all assets on line 6a 2,414,600.					
7 Capital gain net income (from Part IV, line 2)			136,338.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total Add lines 1 through 11		374,780.	374,780.		
13 Compensation of officers, directors, trustees, etc		200,000.	133,333.		66,667.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 3		4,700.	0.		4,700.
c Other professional fees STMT 4		23,044.	23,044.		0.
17 Interest					
18 Taxes STMT 5		7,940.	5,814.		2,126.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 6		9,320.	0.		9,320.
24 Total operating and administrative expenses. Add lines 13 through 23		245,004.	162,191.		82,813.
25 Contributions, gifts, grants paid		1,524,200.			1,024,200.
26 Total expenses and disbursements. Add lines 24 and 25		1,769,204.	162,191.		1,107,013.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		<1,394,424.>			
b Net investment income (if negative, enter -0-)			212,589.		
c Adjusted net income (if negative, enter -0-)				N/A	

2

Part II Balance Sheets		Beginning of year	End of year	
			(a) Book Value	(b) Book Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	822,263.	260,031.	260,031.
	3 Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶ Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges		2,394.	2,394.
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock STMT 7	13,977,013.	13,853,312.	13,853,312.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 8	0.	500,000.	500,000.
	14 Land, buildings, and equipment: basis ▶ Less accumulated depreciation ▶			
Liabilities	15 Other assets (describe ▶ INTEREST RECEIVABLE)	7.	21,781.	21,781.
	16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	14,799,283.	14,637,518.	14,637,518.
	17 Accounts payable and accrued expenses	2,562.		
	18 Grants payable		500,000.	
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	2,562.	500,000.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☒ X and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	14,796,721.	14,137,518.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☐ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances	14,796,721.	14,137,518.	
	31 Total liabilities and net assets/fund balances	14,799,283.	14,637,518.	

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	14,796,721.
2 Enter amount from Part I, line 27a	2	<1,394,424.>
3 Other increases not included in line 2 (itemize) ▶ UNREALIZED LOSS ON INVESTMENTS	3	735,221.
4 Add lines 1, 2, and 3	4	14,137,518.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	14,137,518.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b SEE ATTACHED STATEMENT				
c				
d				
e				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e 2,414,600.		2,278,262.	136,338.

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			136,338.

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	136,338.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	{ }	3	N/A

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2013	988,533.	13,608,217.	.072642
2012	755,517.	12,184,039.	.062009
2011	730,450.	12,045,649.	.060640
2010	594,245.	11,198,327.	.053066
2009	452,126.	10,380,392.	.043556

2 Total of line 1, column (d)	2	.291913
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	.058383
4 Enter the net value of noncharitable-use assets for 2014 from Part X, line 5	4	14,349,755.
5 Multiply line 4 by line 3	5	837,782.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,126.
7 Add lines 5 and 6	7	839,908.
8 Enter qualifying distributions from Part XII, line 4	8	1,107,013.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate.
See the Part VI instructions.

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

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)		1	2,126.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b		2	0.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		3	2,126.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
3 Add lines 1 and 2		5	2,126.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-			
6 Credits/Payments:			
a 2014 estimated tax payments and 2013 overpayment credited to 2014	6a 4,520.	7	4,520.
b Exempt foreign organizations - tax withheld at source	6b	8	
c Tax paid with application for extension of time to file (Form 8868)	6c	9	
d Backup withholding erroneously withheld	6d	10	2,394.
7 Total credits and payments. Add lines 6a through 6d		11	0.
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached			
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed			
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid			
11 Enter the amount of line 10 to be: Credited to 2015 estimated tax ☒ 2,394. Refunded ☒			

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)? 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.		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ☒ \$ 0. (2) On foundation managers. ☒ \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ☒ \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		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? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ☒ IL		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	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 2014 or the taxable year beginning in 2014 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		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? Website address ► N/A	13	X	
14	The books are in care of ► HEARTLAND BANK - MCLEAN COUNTY Telephone no. ► 309-662-4444 Located at ► 205 N. MAIN ST., SUITE 101 BLOOMINGTON, IL ZIP+4 ► 61704			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A	
16	At any time during calendar year 2014, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114, (formerly TD F 90-22.1). If "Yes," enter the name of the foreign country ►	16	Yes	No
				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)? Organizations relying on a current notice regarding disaster assistance check here N/A ☐	1b	
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 2014?	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 2014, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2014? ☐ Yes ☒ No If "Yes," list the years ►		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b	If "Yes," did it have excess business holdings in 2014 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 2014) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2014?	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 4945(d)(4)(A)? (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 ☒ Nob If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **N/A**Organizations relying on a current notice regarding disaster assistance check here ☒c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? **N/A** ☐ Yes ☐ No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ Nob 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 ☒ Nob If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? **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.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
REX J. BATES 140 HILLTOP DR. SEQUIM, WA 98382	GRANTOR/TRUSTEE 0.00	0.	0.	0.
PATRICIA ANN MATTINGLEY 61 COUGAR HEIGHTS DR. SEQUIM, WA 98382	TRUSTEE 10.00	0.	0.	0.
REX W. BATES 3611 NORTH WASHINGTON ST. TACOMA, WA 98407	TRUSTEE 10.00	0.	0.	0.

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

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

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

0

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

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

[illegible]

Total number of others receiving over \$50,000 for professional services

0

Part IX-A Summary of Direct Charitable Activities	
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List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

Expenses

1	N/A	
2		
3		
4		

Part IX-B	Summary of Program-Related Investments
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Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

Amount

1	N/A	
2		
All other program-related investments. See instructions.		
3		

Total. Add lines 1 through 3

0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	13,960,075.
b	Average of monthly cash balances	1b	608,204.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	14,568,279.
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	14,568,279.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) STMT 9	4	218,524.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	14,349,755.
6	Minimum investment return. Enter 5% of line 5	6	717,488.

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	717,488.
2a	Tax on investment income for 2014 from Part VI, line 5	2a	2,126.
b	Income tax for 2014. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,126.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	715,362.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	715,362.
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	715,362.

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	1,107,013.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,107,013.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	2,126.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,104,887.

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 2013	(c) 2013	(d) 2014
1 Distributable amount for 2014 from Part XI, line 7				715,362.
2 Undistributed income, if any, as of the end of 2014				
a Enter amount for 2013 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2014:				
a From 2009				
b From 2010	37,405.			
c From 2011	134,862.			
d From 2012	149,171.			
e From 2013	317,110.			
f Total of lines 3a through e	638,548.			
4 Qualifying distributions for 2014 from Part XII, line 4: ▶ \$ 1,107,013.				
a Applied to 2013, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2014 distributable amount				715,362.
e Remaining amount distributed out of corpus	391,651.			
5 Excess distributions carryover applied to 2014 (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:	1,030,199.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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 2013. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2014. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2015				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2009 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2015 Subtract lines 7 and 8 from line 6a	1,030,199.			
10 Analysis of line 9:				
a Excess from 2010	37,405.			
b Excess from 2011	134,862.			
c Excess from 2012	149,171.			
d Excess from 2013	317,110.			
e Excess from 2014	391,651.			

N/A

- ▶

☐ 4942(i)(3) or ☐ 4942(i)(5)

- [illegible]

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution * *	Amount
Name and address (home or business)				
a Paid during the year				
5TH AVENUE THEATER 1308 5TH AVENUE SEATTLE, WA 98101	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THEATRE ARTS	10,000.
ANNIE WRIGHT SCHOOL 827 N. TACOMA AVE. TACOMA, WA 984039987	NONE	501(C)(3)	PAYMENT FOR EDUCATIONAL PROGRAMS OF THE SCHOOL	353,000.
BROOKINGS INSTITUTE 1775 MASSACHUSETTS AVE WASHINGTON, DC 20036	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF BROOKINGS INSTITUTE	40,000.
CHILDREN'S MUSEUM OF TACOMA 1501 PACIFIC AVE. SUITE 202 TACOMA, WA 98402	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE CHILDREN'S MUSEUM OF TACOMA	41,000.
COLLEGE SUCCESS FOUNDATION 950 PACIFIC AVE, SUITE 1250 TACOMA, WA 98402	NONE	501(C)(3)	GIFT TO FOUNDATION FOR SUPPORT & SCHOLARSHIPS TO INSPIRE UNDERSERVED, LOW-INCOME STUDENTS TO	5,000.
Total	SEE CONTINUATION SHEET(S)			▶ 3a 1,024,200.
b Approved for future payment				
ST PAUL'S SCHOOL 325 PLEASANT ST CONCORD, NH 03301-2591	NONE	501(C)(3)	TO ESTABLISH THE BATES FAMILY SCHOLARSHIP FUND	500,000.
Total				▶ 3b 500,000.

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	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		

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.

Sign Here   

Signature of officer or trustee Date 5/11/15 Title EXEC DIRECTOR

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

Paid Preparer Use Only	Print/Type preparer's name CATHERINE L. ALLEN, CPA	Preparer's signature <i>Catherine L. Allen, CPA</i>	Date 04/24/15	Check ☐ if self-employed	PTIN P00366065
	Firm's name ▶ GUTHOFF MEHALL ALLEN & CO PC CPAS			Firm's EIN ▶ 37-0953472	
	Firm's address ▶ 2710 E. LINCOLN BLOOMINGTON, IL 61704			Phone no. 309-662-4356	

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
ESQUESTRIAN LAND CONSERVATION RECOURSE 4037 IRON WORKS PARKWAY SUITE 120 LEXINGTON, KY 40511	NONE	501(C)(3)	PAYMENT FOR QUALITY EDUCATION FOR YOUTH IN HORSE PGM	40,000.
GREENHILL SCHOOL 4141 SPRING VALLEY ROAD ADDISON, TX 75001	NONE	501(C)(3)	PAYMENT TO BENEFIT GREENHILL SCHOOL	10,000.
JUNIOR ACHIEVEMENT OF WASHINGTON 1700 WESTLAKE AVE. SUITE 4000 SEATTLE, WA 98109	NONE		PAYMENT FOR PROGRAM SUPPORT.	6,700.
JUVENILE DIABETES RESEARCH ASSOCIATION 26 BROADWAY, 14TH FL NEW YORK, NY 10004	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE JUVENILE DIABETES RESEARCH ASSOCIATION	9,000.
LINDQUIST DENTAL CLINIC 3875 S 88TH ST. TACOMA, WA 98409	NONE	501(C)(3)	PAYMENT TO SUPPORT DENTAL SERVICES TO CHILDREN IN NEED	10,000.
MARY BRIDGE HOSPITAL PO BOX 5296 TACOMA, WA 98415	NONE	501(C)(3)	PAYMENT TO BENEFIT THE HOSPITAL	60,000.
NATIONAL ASSOCIATION OF EPISCOPAL SCHOOLS 3611 NORTH WASHINGTON ST. TACOMA, WA 98407-6148	NONE	501(C)(3)	PAYMENT TO THE ASSOCIATION'S 50TH ANNIVERSARY CAMPAIGN.	5,000.
OPPORTUNITY CENTER OF ORTING PO BOX 1423 ORTING, WA 98360	NONE	501(C)(3)	PAYMENT FOR THE HAVEN TEEN CENTER.	2,000.
PACIFIC LUTHERAN UNIVERSITY OFFICE OF DEVELOPMENT TACOMA, WA 98447	NONE	I	SCHOLARSHIP GIVEN DIRECTLY TO A PACIFIC LUTHERAN STUDENT	10,000.
PINE ISLAND CAMP, INC. P.O. BOX 242 BRUNSWICK, ME 04011	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF SUMMER CAMP FOR BOYS	10,000.
Total from continuation sheets				575,200.

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
PORT ANGELES SYMPHONY PO BOX 2148 PORT ANGELES, WA 98362	NONE	501(C)(3)	TO ASSIST THE PORT ANGELES SYMPHONY	10,000.
PORT TOWNSEND MARINE CENTER 532 BATTERY WAY PORT TOWNSEND, WA 98368	NONE	501(C)(3)	PAYMENT TO BENEFIT MARINE CENTER	25,000.
SEATTLE PACIFIC UNIVERSITY 3307 3RD AVENUE WEST SEATTLE, WA 98119	NONE	501(C)(3)	PAYMENT TO BENEFIT SEATTLE PACIFIC UNIVERSITY	20,000.
SEQUIM CITY BAND 9411 OLD OLYMPIC HWY. SEQUIM, WA 98382	NONE	501(C)(3)	PAYMENT ALLOWS BAND TO BUY MUSIC & PLACE TO REHEARSE	10,000.
SPRING ON THE TAP PO BOX 471 ENUMCLAW, WA 98022	NONE	501(C)(3)	PAYMENT FOR EDUCATIONAL EFFORTS.	5,000.
ST. PAUL'S SCHOOL 325 PLEASANT ST CONCORD, NH 03301-2591	NONE	501(C)(3)	PAYMENT FOR A SCHOLARSHIP FUND.	100,000.
TACOMA SYMPHONY 901 BROADWAY ST. SUITE 600 TACOMA, WA 98402	NONE	501(C)(3)	PAYMENT TO BENEFIT THE TACOMA SYMPHONY.	5,000.
THE BELGRADE LAKES ASSOCIATION PO BOX 551 BELGRADE LAKES, ME 04918	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE BELGRADE LAKES ASSOCIATION	2,500.
THE GLASS MUSEUM OF TACOMA 1801 DOCK ST TACOMA, WA 98402	NONE	501(C)(3)	FOR MUSEUM EXHIBITS	50,000.
THE UNITED STATES PONY CLUBS, INC. 4041 IRON WORKS LEXINGTON, KY 40511-8483	NONE	501(C)(3)	PAYMENT FOR QUALITY EDUCATION FOR YOUTH IN HORSE PGM	40,000.
Total from continuation sheets				

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
UNIVERSITY OF CHICAGO 1427 E. 60TH ST. SUITE 120 CHICAGO, IL 60637	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE UNIVERSITY OF CHICAGO	60,000.
UNIVERSITY OF WASHINGTON - SEATTLE BOX 359505 SEATTLE, WA 98195	NONE	501(C)(3)	ENDOWED STUDENT SUPPORT FUND - UW MEDICINE	7,500.
UNIVERSITY OF WASHINGTON - ST. LOUIS BOX 358430 1900 COMMERCE ST TACOMA, WA 98402	NONE	501(C)(3)	UW TACOMA BUSINESS EXCELLENCE FUND	2,500.
UNIVERSITY OF WASHINGTON 1900 COMMERCE ST. BOX 358420 TACOMA, WA 98402	NONE	501(C)(3)	PAYMENT TO BENEFIT THE SCHOOL OF BUSINESS	25,000.
WHITMAN COLLEGE 345 BOYER AVE. WALLA WALLA, WA 99362	NONE	501(C)(3)	PAYMENT FOR AWARD ENDOWMENTS FOR STUDENTS	40,000.
YMCA OF TACOMA PIERCE COUNTY 1614 S. MILDRED ST. SUITE #1 TACOMA, WA 98465	NONE	501(C)(3)	PAYMENT FOR THE BENEFIT OF THE YMCA OF TACOMA PIERCE	10,000.
Total from continuation sheets				

BATES FAMILY FOUNDATION

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	75000 SHARES REACTION DESIGN		VARIOUS	01/22/14
b	348662 SHARES REACTION DESIGN		VARIOUS	01/22/14
c	20000 SHARES BANCORP		VARIOUS	03/10/14
d	10000 SHARES MYLAN LABS		VARIOUS	06/26/14
e	10000 SHARES PFZIER INC		VARIOUS	06/26/14
f	10000 SHARES PFZIER INC		VARIOUS	07/31/14
g				
h				
i				
j				
k				
l				
m				
n				
o				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 94,499.		60,000.	34,499.
b 390,373.		363,662.	26,711.
c 826,597.		808,000.	18,597.
d 508,653.		434,000.	74,653.
e 293,793.		306,300.	<12,507.>
f 300,685.		306,300.	<5,615.>
g			
h			
i			
j			
k			
l			
m			
n			
o			

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

(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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			34,499.
b			26,711.
c			18,597.
d			74,653.
e			<12,507.>
f			<5,615.>
g			
h			
i			
j			
k			
l			
m			
n			
o			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter "-0-" in Part I, line 7 }	2	136,338.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8 }	3	N/A

Part XV Supplementary Information

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

NAME OF RECIPIENT - COLLEGE SUCCESS FOUNDATION

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

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

SOURCE	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
CRISI MEDICAL SYSTEMS	37,884.	37,884.	
HEARTLAND BANK	77.	77.	
TOTAL TO PART I, LINE 3	37,961.	37,961.	

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
CATERPILLAR	26,000.	0.	26,000.	26,000.	
EQT	1,200.	0.	1,200.	1,200.	
EVERGREEN RACQUET CLUB	12,625.	0.	12,625.	12,625.	
IBM	14,875.	0.	14,875.	14,875.	
ITC HOLDINGS CORP	10,980.	0.	10,980.	10,980.	
JP MORGAN CHASER	11,800.	0.	11,800.	11,800.	
MARSH AND MCLENNAN	21,200.	0.	21,200.	21,200.	
MEDTRONIC	17,550.	0.	17,550.	17,550.	
PEMBINA PIPELINE	38,758.	0.	38,758.	38,758.	
PFIZER, INC	33,093.	0.	33,093.	33,093.	
US BANCORP	4,600.	0.	4,600.	4,600.	
XL GROUP	7,800.	0.	7,800.	7,800.	
TO PART I, LINE 4	200,481.	0.	200,481.	200,481.	

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PROFESSIONAL FEES	4,700.	0.		4,700.
TO FORM 990-PF, PG 1, LN 16B	4,700.	0.		4,700.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
BANK FEES	23,044.	23,044.		0.	
TO FORM 990-PF, PG 1, LN 16C	23,044.	23,044.		0.	

FORM 990-PF	TAXES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
EXCISE TAXES	2,126.	0.		2,126.	
FOREIGN INCOME TAXES PAID	5,814.	5,814.		0.	
TO FORM 990-PF, PG 1, LN 18	7,940.	5,814.		2,126.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
WEBSITE EXPENSE	2,620.	0.		2,620.	
RENT EXPENSE	6,700.	0.		6,700.	
TO FORM 990-PF, PG 1, LN 23	9,320.	0.		9,320.	

FORM 990-PF	CORPORATE STOCK		STATEMENT	7
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE		
10000 SHS BERKSHIRE HATHAWAY	1,501,500.	1,501,500.		
101 SHS EVERGREEN RACQUET CLUB	202,000.	202,000.		
21820 SHS PFIZER	679,693.	679,693.		
REACTION DESIGN PREFERRED STOCK	0.	0.		
10000 SHS CATERPILLAR	915,300.	915,300.		
20000 MYLAN LABS	1,127,400.	1,127,400.		

BATES FAMILY FOUNDATION

36-7294980

20000 SHS MARSH & MCLENNAN	1,144,800.	1,144,800.
25000 SHS PEMBINA PIPELINE	910,250.	910,250.
15000 SHS MEDTRONIC	1,083,000.	1,083,000.
US BANCORP	0.	0.
10000 SHS EQT	757,000.	757,000.
211188 SHS TELPHA INC	285,104.	285,104.
REACTION DESIGN	0.	0.
3500 SHS IBM	561,540.	561,540.
14000 SHS CONTINENTAL RESOURCES	537,040.	537,040.
40000 SHS QUIDEL CORP	1,156,800.	1,156,800.
139050 TELPHA INC. SERIES C	69,525.	69,525.
REACTION DESIGN	0.	0.
18000 SHS ITC HOLDINGS CORP	727,740.	727,740.
20000 SHS XL GROUP PLC	687,400.	687,400.
664,840 SHS TELPH, INC. SERIES C-2	332,420.	332,420.
50000 SHS BLACKBERRY LTD	549,000.	549,000.
10000 SHS JP MORGAN CHASE	625,800.	625,800.
TOTAL TO FORM 990-PF, PART II, LINE 10B	13,853,312.	13,853,312.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	8
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
CRISI MEDICAL SYSTEMS	FMV	500,000.	500,000.
TOTAL TO FORM 990-PF, PART II, LINE 13		500,000.	500,000.

FORM 990-PF	CASH DEEMED CHARITABLE EXPLANATION STATEMENT	STATEMENT	9
	PART X, LINE 4		

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

990-PF	INVOLVEMENT WITH NONCHARITABLE ORGANIZATIONS	STATEMENT 10
	PART XVII, LINE 1, COLUMN (D)	

NAME OF NONCHARITABLE EXEMPT ORGANIZATION

PACIFIC LUTHERAN UNIVERSITY

DESCRIPTION OF TRANSFERS, TRANSACTIONS, AND SHARING ARRANGEMENTS

BATES FAMILY FOUNDATION GAVE A SPECIFIC STUDENT THIS CONTRIBUTION. IT WAS NOT GIVEN TO PACIFIC LUTHERAN UNIVERSITY AS A CHARITABLE CONTRIBUTION.