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

2015

Open to Public Inspection

For calendar year 2015 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) P.O. BOX 6861 / Room/suite	**B** Telephone number 253-752-4345
City or town, state or province, country, and ZIP or foreign postal code TACOMA, WA 98417	**C** If exemption application is pending, check here ▶ ☐
G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☒ Amended return ☐ Address change ☐ Name change	**D** 1. Foreign organizations, check here ▶ ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐
H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation	**E** If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶$ 11,786,032. **J** Accounting method: ☐ Cash ☒ Accrual ☐ Other (specify) (Part I, column (d) must be on cash basis)	**F** If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue				
1 Contributions, gifts, grants, etc., received			N/A	
2 Check ▶ ☒ if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	75,114.	75,114.		STATEMENT 1
4 Dividends and interest from securities	187,756.	187,756.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	-180,701.			
b Gross sales price for all assets on line 6a 2,201,393.				
7 Capital gain net income (from Part IV, line 2)		0.		
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	82,169.	262,870.		
Operating and Administrative Expenses				
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	6,500.	0.		6,500.
c Other professional fees STMT 4	19,452.	19,452.		0.
17 Interest				
18 Taxes STMT 5	10,706.	9,702.		0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 6	16,530.	0.		16,530.
24 **Total operating and administrative expenses.** Add lines 13 through 23	253,188.	162,487.		89,697.
25 Contributions, gifts, grants paid	1,161,600.			1,161,600.
26 **Total expenses and disbursements.** Add lines 24 and 25	1,414,788.	162,487.		1,251,297.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-1,332,619.			
b **Net investment income** (if negative, enter -0-)		100,383.		
c **Adjusted net income** (if negative, enter -0-)			N/A	

RECEIVED
NOV 29 2016
A013
IRS-OSC
OGDEN, UT

SCANNED NOV 29 2016

523501
11-24-15 LHA **For Paperwork Reduction Act Notice, see instructions.** Form **990-PF** (2015) 20

08340829 099377 015-20600800 2015.04020 BATES FAMILY FOUNDATION 015-2S92

Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	260,031.	651,393.	651,393.
	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.	1,390.	1,390.
	10a Investments - U.S. and state government obligations			
	b Investments - corporate stock STMT 8	13,853,312.	11,133,249.	11,133,249.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 9	500,000.	0.	0.
	14 Land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	15 Other assets (describe ▶ INTEREST RECEIVABLE)	21,781.	0.	0.
	16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	14,637,518.	11,786,032.	11,786,032.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable	500,000.	440,000.	
	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)	500,000.	440,000.	
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	14,137,518.	11,346,032.	
	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	14,137,518.	11,346,032.	
	31 Total liabilities and net assets/fund balances	14,637,518.	11,786,032.	

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	14,137,518.
2 Enter amount from Part I, line 27a	2	-1,332,619.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	12,804,899.
5 Decreases not included in line 2 (itemize) ▶ UNREALIZED GAIN/LOSS ON INVESTMENTS	5	1,458,867.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	11,346,032.

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	2,201,393.		2,382,094.	-180,701.

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				-180,701.

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	-180,701.
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))
2014	1,104,887.	14,349,755.	.076997
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

2	**Total** of line 1, column (d)	2	.325354
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	.065071
4	Enter the net value of noncharitable-use assets for 2015 from Part X, line 5	4	12,965,806.
5	Multiply line 4 by line 3	5	843,698.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,004.
7	Add lines 5 and 6	7	844,702.
8	Enter qualifying distributions from Part XII, line 4	8	1,251,297.

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ______ (attach copy of letter if necessary-see instructions)				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b			1	1,004.
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	1,004.
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	1,004.
6 Credits/Payments:				
a 2015 estimated tax payments and 2014 overpayment credited to 2015	6a	2,394.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c	16,000.		
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	18,394.
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	17,390.
11 Enter the amount of line 10 to be: **Credited to 2016 estimated tax** ▶ 3,000. **Refunded** ▶			11	14,390.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)?	1b		X
*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6		X
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ IL			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2015 or the taxable year beginning in 2015 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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

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

Website address ▶ N/A

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

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

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

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

			Yes	No
16	At any time during calendar year 2015, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ▶			

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

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

				Yes	No
1a	During the year did the foundation (either directly or indirectly):				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2015?		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 2015, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2015?	☐ 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 2015 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 2015.)*	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 2015?		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 ☒ No

b If any answer is "Yes" to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A **5b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

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

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

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

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A **7b**

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

1 List all officers, directors, trustees, foundation managers and their compensation.

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

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

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

Total number of other employees paid over $50,000 ▶ 0

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	12,307,623.
b	Average of monthly cash balances	1b	855,632.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	13,163,255.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	13,163,255.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) STMT 10	4	197,449.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	12,965,806.
6	**Minimum investment return.** Enter 5% of line 5	6	648,290.

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	648,290.
2a	Tax on investment income for 2015 from Part VI, line 5 — 2a: 1,004.		
b	Income tax for 2015. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	1,004.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	647,286.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	647,286.
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	647,286.

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	1,251,297.
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	1,251,297.
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	1,004.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	1,250,293.

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 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7				647,286.
2 Undistributed income, if any, as of the end of 2015				
a Enter amount for 2014 only			0.	
b Total for prior years: ____, ____, ____		0.		
3 Excess distributions carryover, if any, to 2015:				
a From 2010 — 37,405.				
b From 2011 — 134,862.				
c From 2012 — 149,171.				
d From 2013 — 317,110.				
e From 2014 — 391,651.				
f **Total** of lines 3a through e	1,030,199.			
4 Qualifying distributions for 2015 from Part XII, line 4: ▶ $ 1,251,297.				
a Applied to 2014, 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 2015 distributable amount				647,286.
e Remaining amount distributed out of corpus	604,011.			
5 Excess distributions carryover applied to 2015 (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	1,634,210.			
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 2014. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2015. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2016				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 2010 not applied on line 5 or line 7	37,405.			
9 **Excess distributions carryover to 2016.** Subtract lines 7 and 8 from line 6a	1,596,805.			
10 Analysis of line 9:				
a Excess from 2011 — 134,862.				
b Excess from 2012 — 149,171.				
c Excess from 2013 — 317,110.				
d Excess from 2014 — 391,651.				
e Excess from 2015 — 604,011.				

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2015, enter the date of the ruling ▶

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

	Tax year (a) 2015	Prior 3 years (b) 2014	(c) 2013	(d) 2012	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 **Information Regarding Foundation Managers:**

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

NONE

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

NONE

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

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

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

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution **	Amount
a Paid during the year				
5TH AVENUE THEATER 1308 5TH AVENUE SEATTLE, WA 98101		PC	PAYMENT FOR THE BENEFIT OF THEATRE ARTS	15,000.
ANNIE WRIGHT SCHOOL 827 N. TACOMA AVE. TACOMA, WA 98403		PC	PAYMENT FOR EDUCATIONAL PROGRAMS OF THE SCHOOL	370,000.
BROOKINGS INSTITUTE 1775 MASSACHUSETTS AVE WASHINGTON, DC 20036		PC	PAYMENT FOR THE BENEFIT OF BROOKINGS INSTITUTE	80,000.
CHILDREN'S MUSEUM OF TACOMA 1501 PACIFIC AVE. SUITE 202 TACOMA, WA 98402		PC	PAYMENT FOR THE BENEFIT OF THE CHILDREN'S MUSEUM OF TACOMA	60,000.
CHINESE RECONCILIATION PROJECT FOUNDATION 224 PUYALLUP AVE TACOMA, WA 98421		PC	BETR10543 - 08/23/16 04:31PM WORKSHEET PRIVATE FOUNDATION	5,000.
Total SEE CONTINUATION SHEET(S)			▶ 3a	1,161,600.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

** SEE PURPOSE OF GRANT CONTINUATIONS

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	75,114.	
4 Dividends and interest from securities			14	187,756.	
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	-180,701.	
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)		0.		82,169.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 82,169.

(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).

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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)	X	
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
1A	20,000.	PACIFIC LUTHERAN UNIVERSITY	SEE STATEMENT 11

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: [signature] Date: 11/22/16 Title: TRUSTEE

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
STEPHANIE J. PETRI, CPA	[signature]	11-18-16		P01238917

Firm's name ▶ CLIFTONLARSONALLEN LLP Firm's EIN ▶ 41-0746749

Firm's address ▶ 404 NORTH HERSHEY ROAD, SUITE A BLOOMINGTON, IL 61704 Phone no. (309) 557-1200

Form **990-PF** (2015)

523622 11-24-15

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	2623 SHARES PFIZER INC	P	VARIOUS	02/04/15
b	19197 SHARES PFIZER INC	P	VARIOUS	02/04/15
c	20000 SHARES MYLAN LABS	P	VARIOUS	10/13/15
d	5000 SHARES MARSH & MCLENNAN	P	VARIOUS	12/16/15
e	4000 SHARES MEDTRONIC	P	VARIOUS	12/16/15
f	REACTION DESIGN	P	VARIOUS	07/20/15
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	82,970.		81,706.	1,264.
b	607,188.		597,988.	9,200.
c	836,218.		1,127,400.	-291,182.
d	276,667.		286,200.	-9,533.
e	305,606.		288,800.	16,806.
f	92,744.			92,744.
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				1,264.
b				9,200.
c				-291,182.
d				-9,533.
e				16,806.
f				92,744.
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	-180,701.
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

523591
04-01-15

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
COLLEGE SUCCESS FOUNDATION 950 PACIFIC AVE, SUITE 1250 TACOMA, WA 98402		PC	GIFT TO FOUNDATION FOR SUPPORT & SCHOLARSHIPS TO INSPIRE UNDERSERVED, LOW-INCOME STUDENTS TO	5,000.
ESQUESTRIAN LAND CONCERVATION RECOURCE 4037 IRON WORKS PARKWAY SUITE 120 LEXINGTON, KY 40511		PC	PAYMENT FOR QUALITY EDUCATION FOR YOUTH IN HORSE PGM	40,000.
GREENHILL SCHOOL 4141 SPRING VALLEY ROAD ADDISON, TX 75001		PC	PAYMENT TO BENEFIT GREENHILL SCHOOL	10,000.
JUVENILE DIABETES RESEARCH ASSOCIATION 26 BROADWAY, 14TH FL NEW YORK, NY 10004		PC	PAYMENT FOR THE BENEFIT OF THE JUVENILE DIABETES RESEARCH ASSOCIATION	8,100.
MARY BRIDGE HOSPITAL PO BOX 5296 TACOMA, WA 98415		PC	PAYMENT TO BENEFIT THE HOSPITAL	20,000.
OPPORTUNITY CENTER OF ORTING PO BOX 1423 ORTING, WA 98360		PC	PAYMENT FOR THE HAVEN TEEN CENTER.	2,500.
PACIFIC LUTHERAN UNIVERSITY OFFICE OF DEVELOPMENT TACOMA, WA 98447	NONE	I	SCHOLARSHIP GIVEN DIRECTLY TO A PACIFIC LUTHERAN STUDENT	20,000.
PINE ISLAND CAMP, INC. P.O. BOX 242 BRUNSWICK, ME 04011		PC	PAYMENT FOR THE BENEFIT OF SUMMER CAMP FOR BOYS	20,000.
PORT ANGELES SYMPHONY PO BOX 2148 PORT ANGELES, WA 98362		PC	TO ASSIST THE PORT ANGELES SYMPHONY	10,000.
PORT TOWNSEND MARINE CENTER 532 BATTERY WAY PORT TOWNSEND, WA 98368		PC	PAYMENT TO BENEFIT MARINE CENTER	25,000.
Total from continuation sheets				631,600.

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
SEATTLE PACIFIC UNIVERSITY 3307 3RD AVENUE WEST SEATTLE, WA 98119		PC	PAYMENT TO BENEFIT SEATTLE PACIFIC UNIVERSITY	20,000.
SEQUIM CITY BAND 9411 OLD OLYMPIC HWY. SEQUIM, WA 98382		PC	PAYMENT ALLOWS BAND TO BUY MUSIC & PLACE TO REHEARSE	10,000.
SHATTUCK ST MARY'S SCHOOL 1000 SHUMWAY AVE FARIBAULT, MN 55021		PC	PAYMENT TO BENEFIT THE SCHOOL	5,000.
ST. PAUL'S SCHOOL 325 PLEASANT ST CONCORD, NH 03301-2591		PC	PAYMENT FOR A SCHOLARSHIP FUND.	125,000.
TACOMA LAWN TENNIS CLUB 502 N BOROUGH RD TACOMA, WA 98403		PC	PAYMENT TO BENEFIT THE TENNIS CLUB	8,000.
TACOMA SYMPHONY 901 BROADWAY ST. SUITE 600 TACOMA, WA 98402		PC	PAYMENT TO BENEFIT THE TACOMA SYPMHONY.	10,000.
THE GLASS MUSEUM OF TACOMA 1801 DOCK ST TACOMA, WA 98402		PC	FOR MUSEUM EXHIBITS	115,000.
THE UNITED STATES PONY CLUBS, INC. 4041 IRON WORKS LEXINGTON, KY 40511-8483		PC	PAYMENT FOR QUALITY EDUCATION FOR YOUTH IN HORSE PGM	40,000.
UNIVERSITY OF CHICAGO 1427 E. 60TH ST. SUITE 120 CHICAGO, IL 60637		PC	PAYMENT FOR THE BENEFIT OF THE UNIVERSITY OF CHICAGO	20,000.
UNIVERSITY OF WASHINGTON - ST. LOUIS BOX 358430 1900 COMMERCE ST TACOMA, WA 98402		PC	UW TACOMA BUSINESS EXCELLENCE FUND	2,500.
Total from continuation sheets				

523631
04-01-15

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 WASHINGTON 1900 COMMERCE ST. BOX 358420 TACOMA, WA 98402		PC	PAYMENT TO BENEFIT THE SCHOOL OF BUSINESS	35,500.
WHITMAN COLLEGE 345 BOYER AVE. WALLA WALLA, WA 99362		PC	PAYMENT FOR AWARD ENDOWMENTS FOR STUDENTS	70,000.
YMCA OF TACOMA PIERCE COUNTY 1614 S. MILDRED ST. SUITE #1 TACOMA, WA 98465		PC	PAYMENT FOR THE BENEFIT OF THE YMCA OF TACOMA PIERCE	10,000.
Total from continuation sheets				

523631
04-01-15

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	75,013.	75,013.	
HEARTLAND BANK	101.	101.	
TOTAL TO PART I, LINE 3	75,114.	75,114.	

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	29,400.	0.	29,400.	29,400.	
EQT	1,200.	0.	1,200.	1,200.	
EVERGREEN RACQUET CLUB	12,625.	0.	12,625.	12,625.	
IBM	17,500.	0.	17,500.	17,500.	
ITC HOLDINGS CORP	12,600.	0.	12,600.	12,600.	
JP MORGAN CHASE	16,800.	0.	16,800.	16,800.	
MARSH AND MCLENNAN	23,600.	0.	23,600.	23,600.	
MEDTRONIC	20,550.	0.	20,550.	20,550.	
PEMBINA PIPELINE	35,121.	0.	35,121.	35,121.	
TEVA PHARMACEUTICAL	4,760.	0.	4,760.	4,760.	
XL GROUP	13,600.	0.	13,600.	13,600.	
TO PART I, LINE 4	187,756.	0.	187,756.	187,756.	

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	6,500.	0.		6,500.
TO FORM 990-PF, PG 1, LN 16B	6,500.	0.		6,500.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK FEES	19,452.	19,452.		0.
TO FORM 990-PF, PG 1, LN 16C	19,452.	19,452.		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	1,004.	0.		0.
FOREIGN INCOME TAXES PAID	9,702.	9,702.		0.
TO FORM 990-PF, PG 1, LN 18	10,706.	9,702.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
RENT EXPENSE	16,530.	0.		16,530.
TO FORM 990-PF, PG 1, LN 23	16,530.	0.		16,530.

FOOTNOTES STATEMENT 7

THE TAX RETURN IS BEING AMENDED TO PROPERLY REPORT THE ALLOCATION BETWEEN REALIZED AND UNREALIZED GAIN/LOSS ON THE TAX RETURN. A COPY OF THE FINAL AUDITED FINANCIAL STATEMENT IS ATTACHED FOR YOUR REFERENCE. AS A RESULT OF THIS CHANGE, EXCISE TAX ON THE INCOME STATEMENT AND PREPAID EXCISE TAX ON THE BALANCE SHEET HAS ALSO BEEN UPDATED. IN ADDITION, CONTRIBUTIONS, GIFTS AND GRANTS HAVE DECREASED TO PROPERLY REFLECT 2015 ACTIVITY.

FORM 990-PF CORPORATE STOCK STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
10000 SHS BERKSHIRE HATHAWAY	1,320,400.	1,320,400.
101 SHS EVERGREEN RACQUET CLUB	202,000.	202,000.
0 SHS PFIZER	0.	0.
10000 SHS CATERPILLAR	679,600.	679,600.
0 SHS MYLAN LABS	0.	0.
15000 SHS MARSH & MCLENNAN	831,750.	831,750.
25000 SHS PEMBINA PIPELINE	544,000.	544,000.
11000 SHS MEDTRONIC	846,120.	846,120.
10000 SHS EQT	521,300.	521,300.
211188 SHS TELPHA INC	285,104.	285,104.
3500 SHS IBM	481,670.	481,670.
14000 SHS CONTINENTAL RESOURCES	321,720.	321,720.
40000 SHS QUIDEL CORP	848,000.	848,000.
139050 TELPHA INC. SERIES C	69,525.	69,525.
18000 SHS ITC HOLDINGS CORP	706,500.	706,500.
20000 SHS XL GROUP PLC	783,600.	783,600.
1297401 SHS TELPH, INC. SERIES C-2	648,700.	648,700.
50000 SHS BLACKBERRY LTD	464,000.	464,000.
10000 SHS JP MORGAN CHASE	660,300.	660,300.
14000 SHS TEVA PHARMACEUTICAL	918,960.	918,960.
TOTAL TO FORM 990-PF, PART II, LINE 10B	11,133,249.	11,133,249.

FORM 990-PF OTHER INVESTMENTS STATEMENT 9

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
CRISI MEDICAL SYSTEMS	FMV	0.	0.
TOTAL TO FORM 990-PF, PART II, LINE 13		0.	0.

FORM 990-PF CASH DEEMED CHARITABLE EXPLANATION STATEMENT STATEMENT 10
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 11
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.

BATES FAMILY FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

CliftonLarsonAllen

BATES FAMILY FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

INDEPENDENT AUDITORS' REPORT

Trustees
Bates Family Foundation
Tacoma, Washington

We have audited the accompanying financial statements of the Bates Family Foundation (a private foundation), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Trustees
Bates Family Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bates Family Foundation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2014 financial statements were audited by Guthoff Mehall Allen & Company, P.C., whose practice became part of CliftonLarsonAllen LLP as of January 1, 2016, and whose report dated April 24, 2015, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bloomington, Illinois
November 8, 2016

BATES FAMILY FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Cash and Cash Equivalents - Money Market Fund	$ 651,393	$ 260,031
Interest Receivable	-	21,780
Prepaid Excise Tax	1,390	2,394
Short-Term Note Receivable	-	500,000
Investments	11,133,249	13,853,312
Total Assets	$ 11,786,032	$ 14,637,517
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Grant Payable, Current Maturities	$ 40,000	$ -
LONG-TERM LIABILITIES		
Grant Payable	440,000	500,000
Less Current Maturities Included Above	40,000	-
Total Long-Term Liabilities	400,000	500,000
NET ASSETS		
Unrestricted	11,346,032	14,137,517
Total Liabilities and Net Assets	$ 11,786,032	$ 14,637,517

See accompanying Notes to Financial Statements

BATES FAMILY FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
SUPPORT AND REVENUE (LOSS)		
Dividends	$ 187,756	$ 200,480
Interest	75,114	37,961
Net Realized Gain (Loss) on Investments	(180,701)	136,339
Net Unrealized Gain (Loss) on Investments	(1,458,866)	735,220
Total Support and Revenue (Loss)	(1,376,697)	1,110,000
EXPENSES AND LOSSES		
Accounting and Legal Fees	6,500	4,700
Rent	16,530	6,700
Website	-	2,620
Bank Charges	19,452	23,043
Taxes and Other Charges	10,706	7,940
Trustee Fees	200,000	200,000
Program Services - Grants	1,161,600	1,524,200
Total Expenses	1,414,788	1,769,203
CHANGE IN UNRESTRICTED NET ASSETS	(2,791,485)	(659,203)
Unrestricted Net Assets - Beginning of Year	14,137,517	14,796,720
UNRESTRICTED NET ASSETS - END OF YEAR	$ 11,346,032	$ 14,137,517

See accompanying Notes to Financial Statements

BATES FAMILY FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

		2015		2014
CASH FLOWS USED IN OPERATING ACTIVITIES				
Change in Net Assets	$	(2,791,485)	$	(659,203)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities				
Net Realized (Gain) Loss on Investments		180,701		(136,339)
Net Unrealized (Gain) Loss on Investments		1,458,866		(735,220)
Changes in Operating Assets and Liabilities				
Interest Receivable		21,780		(21,773)
Prepaid Excise Taxes		1,004		(2,394)
Accrued Expenses		-		(2,562)
Pledged Contributions		(60,000)		500,000
Short-Term Note Receivable		500,000		(500,000)
Net Cash Used by Operating Activities		(689,134)		(1,557,491)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Investments		(1,028,153)		(1,419,341)
Proceeds from Sale of Investments		2,108,649		2,414,600
Net Cash Provided by Investing Activities		1,080,496		995,259
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		391,362		(562,232)
Cash and Cash Equivalents - Beginning of Year		260,031		822,263
CASH AND CASH EQUIVALENTS - END OF YEAR	$	651,393	$	260,031
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Cash Paid During the Year for:				
Federal Excise Taxes	$	-	$	7,082
Foreign Taxes Withheld	$	9,702	$	5,814

See accompanying Notes to Financial Statements

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Bates Family Foundation (the Foundation) have been prepared on the accrual basis. A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Organization

The Bates Family Foundation is an Illinois tax-exempt trust created in November 1999. The Foundation was created exclusively for making distributions to charitable organizations for religious, charitable, scientific, literary and educational purposes.

Basis of Presentation

The Foundation's financial statements are presented in accordance with accounting principles generally accepted in the United States of America applicable to private foundations. The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All net assets are currently unrestricted.

Investments

Investments in marketable securities with readily determinable fair values and an investment in preferred stock of a local recreational club are carried at fair values in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities. An investment in convertible preferred stock of a closely held company that does not have a readily determinable fair value is stated at cost.

Income Tax Status

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, but is a private foundation pursuant to Section 509(a) of the Code. A private foundation is subject to excise tax on net investment income and undistributed income.

The Foundation is required to evaluate its tax position and recognize a liability for any positions that would not be considered "more likely than not" to be upheld under tax authority examination. If such issues exist, the Foundation's policy will be to recognize any tax liability so recorded including applicable interest and penalties, as a component of income tax expense. Management is not aware of any violation of its tax status exempt from income taxes, or any exposure to unrelated business income tax or other tax liabilities.

Excise tax on net investment income was $1,004 and $2,126 in 2015 and 2014, respectively.

Revenue Recognition

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction has been met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation considers all highly liquid investments available for current use held in money market and savings accounts, with an initial maturity of three months or less to be cash equivalents. Due to the short term nature of these amounts, fair market value approximates cost.

Grants

Grants made by the Foundation are recognized as an expense in the period in which they are approved, provided the grant is not subject to future contingencies.

Reclassifications

Certain reclassifications have been made with prior year amounts in order to conform to the current year presentation, with no effect on the previously reported change in net assets.

NOTE 2 CONCENTRATION OF CREDIT RISK FOR CASH DEPOSITS

The Foundation maintains its cash deposits in a brokerage account at a financial institution As of December 31, 2015 and 2014, all cash deposits were uninsured and uncollateralized.

NOTE 3 INVESTMENTS

Investments in marketable securities with readily determinable fair values are stated at fair value based on quoted prices in active markets (all Level 1 measurements). An investment in preferred stock of a local recreational club is carried at fair value based on unobservable inputs (a Level 3 measurement) in the statement of financial position. An investment in convertible preferred stock of a privately held company is carried at cost.

	Carrying Value	
	2015	2014
Equities	$ 9,927,920	$ 12,964,623
Preferred stock	202,000	202,000
Investments carried at fair value	10,129,920	13,166,263
Preferred stock carried at cost	1,003,249	687,049
Total investments	$ 11,133,249	$ 13,853,312

NOTE 3 INVESTMENTS (CONTINUED)

COST-METHOD INVESTMENTS

The aggregate carrying amount of the Foundation's investments in the convertible preferred stock of a medical devices manufacturer is $1,003,329 and $687,049 (cost basis) at December 31, 2015 and 2014, respectively. This investment has not been evaluated for impairment because the Foundation is exempt from estimating the fair value of financial instruments under GAAP, and management did not identify any events or changes in circumstances that might have adverse effects on fair value.

FAIR VALUE INVESTMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Common Stocks and Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

NOTE 3 INVESTMENTS (CONTINUED)

Preferred Stock. This is valued by a third-party trustee and consist of stock in a recreational club. Since the lowest level of input that is significant to the fair value measurement must be used for determination and the Foundation is restricted from being able to redeem the investments, the investment is not considered to be traded on an active market and, therefore, is classified as Level 3.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31:

December 31, 2015

	Level 1	Level 2	Level 3	Total
Equities	$ 9,927,920	$ -	$ -	$ 9,927,920
Preferred Stock	-	-	202,000	202,000
Total	$ 9,927,920	$ -	$ 202,000	$ 10,129,920

December 31, 2014

	Level 1	Level 2	Level 3	Total
Equities	$ 12,964,263	$ -	$ -	$ 12,964,263
Preferred Stock	-	-	202,000	202,000
Total	$ 12,964,263	$ -	$ 202,000	$ 13,166,263

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31:

	2015	2014
Dividends	$ 187,756	$ 200,480
Interest	75,114	37,961
Net Realized Gain (Loss) on Investments	(180,701)	136,339
Net Unrealized Gain (Loss) on Investments	(1,458,866)	735,220
Net Investment Income (Loss)	$ (1,376,697)	$ 1,110,000

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Accordingly, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could be material in amount in relation to the carrying value of investments.

NOTE 4 RELATED PARTY TRANSACTIONS

The Foundation paid trustee fees of $200,000 in 2015 and 2014 to members of the Bates Family for administrative services.

Certain trustees of the Foundation also serve as directors of organizations receiving contributions. During the years ended December 31, 2015 and 2014, such organizations received $320,500 and $180,000 from the Foundation, respectively.

NOTE 5 CONTRIBUTIONS PAYABLE

Grants payable include unconditional grants approved by the Foundation during the current or previous years that will be paid in future years. In April 2014, the Foundation pledged to pay St. Paul's School (a related party) $500,000 over five years. The balance outstanding as of December 31, 2015 was $440,000 with payments due as follows:

Year Ending December 30,	Amount
2016	$ 40,000
2017	100,000
2018	100,000
2019	100,000
2020	100,000
Total	$ 440,000

NOTE 6 SHORT-TERM NOTE RECEIVABLE

In April 2014, the Foundation executed a note receivable with a company (of which one of the trustees has a small equity interest) for the principal sum of $500,000, plus annual interest of 6%. The note, including accrued interest, was paid in full in March 2015.

NOTE 7 RENT OBLIGATION

In August 2014, the Foundation entered into an operating lease for office space through July 2015 at $1,340 per month. In October 2015, the Foundation entered into an operating lease for office space through July 2016 at $1,415 per month.

NOTE 8 SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through November 8, 2016, the date the financial statements were available to be issued.

Subsequent to year end, one of the trustees of the Foundation passed away. The Foundation is expecting to receive a substantial donation from the deceased's estate.