

**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

2004

Department of the Treasury
Internal Revenue Service

Note: The organization may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2004, or tax year beginning , 2004, and ending

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.
Name of organization: **PACIFIC NORTHWEST FOUNDATION, INC.**
Number and street (or P.O. box number if mail is not delivered to street address) Room/suite:
7619 SW 26TH AVENUE
City or town State ZIP code:
PORTLAND OR 97219-2538

A Employer identification number
77-0177829
B Telephone number (see instructions)
(503) 977-2660
C If exemption application is pending, check here
D 1 Foreign organizations, check here
2 Foreign organizations meeting the 85% test, check here and attach computation
E If private foundation status was terminated under section 507(b)(1)(A), check here
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, column (c), line 16)
▶ \$ **3,713,230.**

J Accounting method: Cash Accrual
 Other (specify) _____
(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1 Contributions, gifts, grants, etc. received (att sch)	640.			
	2 Ck ▶ <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	262.	262.		
	4 Dividends and interest from securities	146,234.	146,234.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	324,157.			
	b Gross sales price for all assets on line 6a 2,122,422.				
	7 Capital gain net income (from Part IV, line 2)		324,157.		
	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/(loss) (att sch)					
11 Other income (attach schedule)					
INLAND RE COPR. NON-TAX DISTR.	354.	354.			
12 Total. Add lines 1 through 11	471,647.	471,007.			
ADMINISTRATIVE AND OPERATING EXPENSES	13 Compensation of officers, directors, trustees, etc.	52,000.	5,200.		46,800.
	14 Other employee salaries and wages	18,806.	1,881.		16,925.
	15 Pension plans, employee benefits	70,000.	7,000.		63,000.
	16a Legal fees (attach schedule) L-1.6a.Stmt	1,942.	195.		1,747.
	b Accounting fees (attach sch) L-1.6b.Stmt	2,585.	1,292.		1,293.
	c Other prof fees (attach sch) L-1.6c.Stmt	25,609.			
	17 Interest	16.	16.		
	18 Taxes (attach schedule) See Line 18 Stmt.	8,927.	1,858.		7,069.
	19 Depreciation (attach schedule) and depletion	1,682.			
	20 Occupancy				
	21 Travel, conferences, and meetings	291.			291.
	22 Printing and publications				
	23 Other expenses (attach schedule) See Line 23 Stmt	127,841.	13,378.		113,109.
	24 Total operating and administrative expenses. Add lines 13 through 23	309,699.	30,820.		250,234.
	25 Contributions, gifts, grants paid	1,220.			1,220.
26 Total expenses and disbursements. Add lines 24 and 25	310,919.	30,820.		251,454.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	160,728.				
b Net investment income (if negative, enter -0-)		440,187.			
c Adjusted net income (if negative, enter -0-)					

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
A s s e t s	1	Cash – non-interest-bearing		7,612.	4,171.	4,171.
	2	Savings and temporary cash investments		30,038.	77,961.	77,961.
	3	Accounts receivable				
		Less: allowance for doubtful accounts				
	4	Pledges receivable				
		Less: allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach sch.) ..	193,750.			
		Less: allowance for doubtful accounts		168,750.	193,750.	193,750.
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments – U.S. and state government obligations (attach schedule)				
	b	Investments – corporate stock (attach schedule) L-10b Stmt.		2,700,709.	2,793,520.	3,421,044.
	c	Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment: basis				
	Less: accumulated depreciation (attach schedule)					
12	Investments – mortgage loans					
13	Investments – other (attach schedule)					
14	Land, buildings, and equipment: basis	18,963.				
	Less: accumulated depreciation (attach schedule) L-14 Stmt.	4,341.	14,345.	14,622.	16,304.	
15	Other assets (describe					
16	Total assets (to be completed by all filers – see instructions. Also, see page 1, item I)		2,921,454.	3,084,024.	3,713,230.	
L i a b i l i t i e s	17	Accounts payable and accrued expenses		1,783.	0.	
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe CREDIT CARD PAYABLE ..)		1,250.	4,875.	
	23	Total liabilities (add lines 17 through 22)		3,033.	4,875.	
N e t A s s e t s o r F u n d B a l a n c e s	Organizations that follow SFAS 117, check here. and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Organizations that do not follow SFAS 117, check here. and complete lines 27 through 31. <input checked="" type="checkbox"/>					
	27	Capital stock, trust principal, or current funds		2,918,421.	3,079,149.	
	28	Paid-in or capital surplus, or land, building, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see instructions)		2,918,421.	3,079,149.		
31	Total liabilities and net assets/fund balances (see instructions)		2,921,454.	3,084,024.		

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	2,918,421.
2	Enter amount from Part I, line 27a	2	160,728.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	3,079,149.
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)– Part II, column (b), line 30	6	3,079,149.

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 shares MLC Company)

(b) How acquired
P - Purchase
D - Donation

(c) Date acquired
(month, day, year)

(d) Date sold
(month, day, year)

1 a SCHEDULE 1	P	Various	Various
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 2,122,422.		1,798,265.	324,157.
b			
c			
d			
e			

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

(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a 0.	0.	0.	324,157.
b			
c			
d			
e			

2 Capital gain net income or (net capital loss). [If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7]	2	324,157.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): [If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8]	3	

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

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

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

Was the organization liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No

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

1 Enter the appropriate amount in each column for each year; see 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 (column (b) divided by column (c))
2003	212,315.	2,886,719.	0.073549
2002	220,026.	3,191,953.	0.068931
2001	213,509.	3,372,940.	0.063301
2000	156,092.	4,035,132.	0.038683
1999	126,027.	3,477,833.	0.036237

2 Total of line 1, column (d)	2	0.280701
3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.056140
4 Enter the net value of noncharitable-use assets for 2004 from Part X, line 5	4	3,238,632.
5 Multiply line 4 by line 3	5	181,817.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	4,402.
7 Add lines 5 and 6	7	186,219.
8 Enter qualifying distributions from Part XII, line 4	8	251,454.

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)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary – see instructions)			
b Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b.		1	4,402.
c All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b).			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-).		2	0.
3 Add lines 1 and 2		3	4,402.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-).		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-.		5	4,402.
6 Credits/Payments:			
a 2004 estimated tax prmts and 2003 overpayment credited to 2004	6 a	850.	
b Exempt foreign organizations – tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c	3,650.	
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d.	7	4,500.	
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached.	8	26.	
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	72.	
11 Enter the amount on line 10 to be: Credited to 2005 estimated tax 72. Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the organization 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 definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.</i>		X
c Did the organization 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 organization. . . . ▶ \$ _____ (2) On organization managers. . . . ▶ \$ _____		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers ▶ \$ _____		
2 Has the organization engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		X
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes.</i>		X
4 a Did the organization 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? <i>If 'Yes,' attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the organization have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions). <u>OREGON</u>		
b If the answer is 'Yes' to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If 'No,' attach explanation.</i>	X	
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2004 or the taxable year beginning in 2004 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses.</i>		X
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address ▶ <u>WWW.PNF.ORG</u>	X	
12 The books are in care of ▶ <u>FRANKLIN C. COOK</u> Telephone no. ▶ <u>(503) 977-3226</u> Located at ▶ <u>7619 SW 26TH AVE.; PORTLAND, OREGON</u> ZIP + 4 ▶ <u>97219-2538</u>		
13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 – Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year. . . . ▶ 13		

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 organization (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? Exception. Check 'No' if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1b	X
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
c Did the organization 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 2004? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2004, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2004? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years <input type="checkbox"/> 20__ , 20__ , 20__ , 20__ .		
b Are there any years listed in 2a for which the organization 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	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. <input type="checkbox"/> 20__ , 20__ , 20__ , 20__ .		
3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If 'Yes,' did it have excess business holdings in 2004 as a result of (1) any purchase by the organization 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 organization had excess business holdings in 2004.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	3b	
4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4a	X
b Did the organization 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 2004? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4b	X
5a During the year did the organization pay or incur any amount to:		
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5b	
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
c If the answer is 'Yes' to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).		
6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered 'Yes' to 6b, also file Form 8870.	6b	X

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

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

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
FRANKLIN C. COOK 7619 SW 26TH; PORTLAND, OR	EXEC. VP 40 HRS/WK	26,000.	42,276.	0.
ANNA M. SALANTI 7619 SW 26TH; PORTLAND, OR	PRESIDENT 40 HRS/WK	26,000.	42,558.	0.
KATHLEEN M. COOK 4101 INNOVATOR DR #932; SACRAMENTO, CA	VICE PRES 1/4 HR/WK	0.	0.	0.
See Part VIII, Line 1 Stmt		0.	0.	0.

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

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
N/A				

Total number of other employees paid over \$50,000..... ▶ NONE

3 Five highest-paid independent contractors for professional services- (see instructions). If none, enter 'NONE.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
N/A		

Total number of others receiving over \$50,000 for professional services..... ▶ NONE

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 ANALYSIS & EDUCATION RE: VARIOUS ASPECTS OF HEALTH	228,037.
2 TEST & ANALYZE EQUIPMENT. PUBLISH REPORT ON FOUNDATION'S WEB SITE WITH RESULTS OF ANALYSIS.	7,860.
3	
4	

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

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

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	3,219,867.
b Average of monthly cash balances	1b	59,089.
c Fair market value of all other assets (see instructions)	1c	8,995.
d Total (add lines 1a, b and c)	1d	3,287,951.
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	3,287,951.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	49,319.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	3,238,632.
6 Minimum investment return. Enter 5% of line 5.	6	161,932.

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	161,932.
2a Tax on investment income for 2004 from Part VI, line 5	2a	4,402.
b Income tax for 2004. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	4,402.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	157,530.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	157,530.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1.	7	157,530.

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	251,454.
b Program-related investments— total from Part IX-B.	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes.	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4.	4	251,454.
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	4,402.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	247,052.

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 2003	(c) 2003	(d) 2004
1 Distributable amount for 2004 from Part XI, line 7				157,530.
2 Undistributed income, if any, as of the end of 2003:				
a Enter amount for 2003 only			0.	
b Total for prior years: 20__, 20__, 20__				
3 Excess distributions carryover, if any, to 2004:				
a From 1999	0.			
b From 2000	0.			
c From 2001	0.			
d From 2002	0.			
e From 2003	192,984.			
f Total of lines 3a through e	192,984.			
4 Qualifying distributions for 2004 from Part XII, line 4: ▶ \$ <u>251,454.</u>				
a Applied to 2003, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2004 distributable amount				
e Remaining amount distributed out of corpus	251,454.			
5 Excess distributions carryover applied to 2004	157,530.			157,530.
<i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	286,908.			
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				
d Subtract line 6c from line 6b. Taxable amount – see instructions		0.		
e Undistributed income for 2003. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2004. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2005				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 1999 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2005. Subtract lines 7 and 8 from line 6a	286,908.			
10 Analysis of line 9:				
a Excess from 2000	0.			
b Excess from 2001	0.			
c Excess from 2002	0.			
d Excess from 2003	35,454.			
e Excess from 2004	251,454.			

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 2004, enter the date of the ruling.					N/A
b Check box to indicate whether the organization is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)					N/A
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	Tax year	Prior 3 years			(e) Total
	(a) 2004	(b) 2003	(c) 2002	(d) 2001	
b 85% of line 2a.					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c.					
3 Complete 3a, b, or c for the alternative test relied upon:					
a 'Assets' alternative test— enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test— Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test— enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

- 1 Information Regarding Foundation Managers:**
- a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)
N/A
- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.
N/A
- 2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc. Programs:**
- Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization 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 of the person to whom applications should be addressed:
N/A
- b** The form in which applications should be submitted and information and materials they should include:
N/A
- c** Any submission deadlines:
N/A
- d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
N/A

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

Recipient 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				
LEUKEMIA & LYMPHOMA SOCIETY	N/A	PUBLIC	GENERAL	500.
THE SMILE TRAIN	N/A	PUBLIC	GENERAL	250.
PHYSICIANS FOR SOCIAL RESPONSIBILITY	N/A	PUBLIC	GENERAL	250.
ST. JOSEPH'S INDIAN SCHOOL	N/A	PUBLIC	GENERAL	100.
PEACEJAM FOUNDATION		PUBLIC	AWARD/WEB SITE	100.
WOODBURN SCHOOL		PUBLIC	SUBSCRIPTION	20.
Total				3a 1,220.
b Approved for future payment				
Total				3b

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

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 organization to a noncharitable exempt organization of:

(1) Cash
(2) Other assets

b Other transactions:

(1) Sales of assets to a noncharitable exempt organization
(2) Purchases of assets from a noncharitable exempt organization
(3) Rental of facilities, equipment, or other assets
(4) Reimbursement arrangements
(5) Loans or loan guarantees
(6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.

Table with columns Yes and No, and rows for 1a(1), 1a(2), 1b(1) through 1b(6), and 1c.

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 organization.

Schedule table with columns (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2a Is the organization 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.

Schedule table with columns (a) Name of organization, (b) Type of organization, (c) Description of relationship.

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.

Signature section with fields for Signature of officer or trustee, Date, Title, Preparer's signature, Date, Preparer's SSN or PTIN, Firm's name, address, and ZIP code, EIN, and Phone no.

Underpayment of Estimated Tax by Corporations

2004

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to the corporation's tax return.

Name

Employer identification number

PACIFIC NORTHWEST FOUNDATION, INC.

77-0177829

Note: In most cases, the corporation is not required to file Form 2220 (see Part I below for exceptions) because the IRS will figure any penalty owed and bill the corporation. Even if Form 2220 is not required, the corporation may still use it to figure the penalty. In such a case, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, **but not** attach Form 2220.

Part I Reasons for Filing — Check the boxes below that apply. If any boxes are checked, and line 6, below, is \$500 or more, the corporation **must** file Form 2220, even if it does not owe a penalty.

- 1 The corporation is using the adjusted seasonal installment method.
- 2 The corporation is using the annualized income installment method.
- 3 The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

Part II Figuring the Underpayment

4 Total tax (see instructions).....		4	4,402.
5a Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4.....	5 a		
5b Look-back interest included on line 4 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method.....	5 b		
5c Credit for Federal tax paid on fuels (see instructions).....	5 c		
5d Total. Add lines 5a through 5c.....		5 d	
6 Subtract line 5d from line 4. If the result is less than \$500 do not complete or file this form. The corporation does not owe the penalty.....		6	4,402.
7 Enter the tax shown on the corporation's 2003 income tax return (see instructions) Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 6 on line 8		7	1,687.
8 Enter the smaller of line 6 or line 7. If the corporation is required to skip line 7, enter the amount from line 6.....		8	1,687.

	(a)	(b)	(c)	(d)	(e)	
9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th (Form 990 — PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year.....	9	05/15/04	06/15/04	09/15/04	10/01/04	12/15/04
Exception. If one of your installment due dates is September 15, 2004, see the instructions.						
10 Required installments. If the box on line 1 and/or line 2 above is checked, enter the amounts from Schedule A, line 38. If the box on line 3 (but not 1 or 2) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 8 above in each column.....	10	421.	422.	338.	84.	422.
11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15.....	11	315.		535.		
Complete lines 12 through 18 of one column before going to the next column.						
12 Enter amount, if any, from line 18 of the preceding column.....	12					
13 Add lines 11 and 12.....	13			535.		
14 Add amounts on lines 16 and 17 of the preceding column.....	14		106.	528.	331.	415.
15 Subtract line 14 from line 13. If zero or less, enter -0-.....	15	315.	0.	7.	0.	0.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-.....	16		106.	0.	331.	
17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18.....	17	106.	422.	331.	84.	422.
18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column.....	18					

Go to Part III on page 2 to figure the penalty. Do not go to Part III if there are no entries on line 17 — no penalty is owed.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)	(e)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	19	See Stmt			
20 Number of days from due date of installment on line 9 to the date shown on line 19.....	20				
21 Number of days on line 20 after 4/15/2004 and before 7/1/2004.....	21				
22 Underpayment on line 17 $\times \frac{\text{Number of days on line 21}}{366} \times 5\%$	22				
23 Number of days on line 20 after 6/30/2004 and before 10/1/2004.....	23				
24 Underpayment on line 17 $\times \frac{\text{Number of days on line 23}}{366} \times 4\%$	24				
25 Number of days on line 20 after 9/30/2004 and before 1/1/2005.....	25				
26 Underpayment on line 17 $\times \frac{\text{Number of days on line 25}}{366} \times 5\%$	26				
27 Number of days on line 20 after 12/31/2004 and before 4/1/2005.....	27				
28 Underpayment on line 17 $\times \frac{\text{Number of days on line 27}}{365} \times 5\%$	28				
29 Number of days on line 20 after 3/31/2005 and before 7/1/2005.....	29				
30 Underpayment on line 17 $\times \frac{\text{Number of days on line 29}}{365} \times \text{ } \%$	30				
31 Number of days on line 20 after 6/30/2005 and before 10/1/2005.....	31				
32 Underpayment on line 17 $\times \frac{\text{Number of days on line 31}}{365} \times \text{ } \%$	32				
33 Number of days on line 20 after 9/30/2005 and before 1/1/2006.....	33				
34 Underpayment on line 17 $\times \frac{\text{Number of days on line 33}}{365} \times \text{ } \%$	34				
35 Number of days on line 20 after 12/31/2005 and before 2/16/2006.....	35				
36 Underpayment on line 17 $\times \frac{\text{Number of days on line 35}}{365} \times \text{ } \%$	36				
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36.....	37				
38 Penalty. Add columns (a) through (e) of line 37. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns.....	38				26.

*For underpayments paid after March 31, 2005: For lines 30, 32, 34, and 36, use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website www.irs.gov. You can also call 1-800-829-1040 to get interest rate information.

Form 990-PF, Page 1, Part I, Line 18

Line 18 Stmt

Taxes: (see instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
PAYROLL TAXES	7,425.	743.		6,682.
FOREIGN TAXES W/HOLD ON INV.	580.	580.		
OREGON DEPT. OF JUSTICE	387.			387.
U. S. TREASURY	535.	535.		
Total	8,927.	1,858.		7,069.

Form 990-PF, Page 1, Part I, Line 23

Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
BANK CHARGES	39.	39.		
BUSINESS MEALS	2,709.	1,355.		
COMPUTER SUPPLIES	1,610.	805.		805.
COMPUTER SOFTWARE	1,058.	1,058.		
DUES & SUBSCRIPTIONS	1,604.	750.		854.
EDUCATION	9,612.			9,612.
HEALTH PROJECT	69,362.			69,362.
INSURANCE	16,375.	3,275.		13,100.
INTERNET WEB HOSTING	270.			270.
LICENSES & FEES	180.	90.		90.
MEDICAL EXPENSE	16,512.	1,651.		14,861.
MISCELLANEOUS	289.	289.		
OFFICE EXPENSE	4,934.	2,467.		2,467.
OUTSIDE LABOR	90.			90.
POSTAGE	859.	430.		429.
TELEPHONE	1,644.	822.		822.
STORAGE	694.	347.		347.
Total	127,841.	13,378.		113,109.

Form 990-PF, Page 1, Part I, Line 16a

L-16a Stmt

Line 16a - Legal Fees: Name of Provider	Type of Service Provided	Amount Paid
NORTHWEST RETIREMENT PLANS	PREPARATION OF PENSION PLAN DOCUMENTS	1,567.
QUARLES & BRADY	CONSULTATION	375.
Total		1,942.

Form 990-PF, Page 1, Part I, Line 16b

L-16b Stmt

Line 16b - Accounting Fees: Name of Provider	Type of Service Provided	Amount Paid
KAREN L. CASSIDY, C.P.A.	ACCTG & PREP. OF F/S & TAX RETURNS	2,585.
Total		2,585.

Form 990-PF, Page 1, Part I, Line 16c

L-16c Stmt

Line 16c - Other Professional Fees: Name of Provider	Type of Service Provided	Amount Paid
SUNAMERICA SECURITIES	INVESTMENT FEES	25,609
Total		<u>25,609</u>

Form 990-PF, Page 2, Part II, Line 10b

L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year	
	Book Value	Fair Market Value
SUNAMERICA SECURITIES BROKERAGE PORTFOLIO	2,793,520.	3,421,044
Total	<u>2,793,520.</u>	<u>3,421,044</u>

Form 990-PF, Page 2, Part II, Line 14

L-14 Stmt

Line 14b - Description of Land, Buildings, and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
LAND/BLDG - MEDITERRANEAN RES.	8,995.	0.	8,995
5/22/99 - COMPUTER	995.	995.	0
3/31/02 - OFFICE EQUIP/COMPUTER	4,514.	2,483.	2,031
8/31/03 - COMPUTER	2,500.	667.	1,833
6/27/04 - COMPUTER	1,959.	196.	1,763
Total	<u>18,963.</u>	<u>4,341.</u>	<u>14,622</u>

Form 990-PF, Page 6, Part VIII, Compensation

Part VIII, Line 1 Stmt

(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
TIM MULVIHILL 306 SW 29TH; PORTLAND, OR	BOARD MEMBER 1/4 HR/WK	0.	0.	0
ADRIA DODICI 11219 SW 64TH; PORTLAND, OR	BOARD MEMBER 1/4 HR/WK	0.	0.	0
Total		<u>0.</u>	<u>0.</u>	<u>0</u>

SCHEDULE 1

PART IV - Capital Gains and Losses

<u>Description</u>	<u>Date Acquired</u>	<u>Date Sold</u>	<u>Proceeds</u>	<u>Cost</u>	<u>Gain (Loss)</u>
565 shs Great Lakes Reit Inc	3/21/2000	4/13/2004	8,792	8,407	385
2725 shs Apartment Inv't & Mgmt	8/27/2003	4/20/2004	78,736	99,681	(20,945)
1940 shs Liz Claiborne Inc	11/23/2001	4/20/2004	72,380	50,066	22,314
2700 shs Great Lakes Reit Inc	3/21/2000	4/21/2004	42,027	40,703	1,324
1850 shs Sherwin Williams Co	7/22/2003	4/21/2004	71,500	49,951	21,549
27 shs Piper Jaffray Cos	various	5/19/2004	1,270	-	1,270
1800 shs Sunrise Senior Living Inc	11/23/2001	5/20/2004	61,842	49,970	11,872
1000 shs Partnerre Ltd Bermuda	9/8/2003	6/4/2004	55,755	50,343	5,412
150 sh Amn Healthcare Svcs	11/19/2002	6/4/2004	2,250	2,612	(362)
1165 shs Computer Sciences Corp	12/5/2003	6/4/2004	49,931	49,931	0
1800 shs Home Depot	11/19/2002	6/4/2004	63,969	50,257	13,712
109 shs Medcohealth Solutions	various	6/4/2004	3,851	-	3,851
910 shs Merck & Co.	5/6/2002	6/4/2004	43,600	49,801	(6,201)
4600 shs Orthodontic Ctr of Amer	10/3/2002	6/4/2004	39,461	49,916	(10,455)
1900 shs Amn Healthcare	11/19/2002	6/7/2004	28,539	33,089	(4,550)
2250 shs Aon Corporation	12/5/2003	6/8/2004	62,936	50,035	12,901
1600 shs Black Hills Corp	11/23/2001	6/30/2004	46,795	49,162	(2,367)
1600 shs Bre Properties Inc.	3/13/2002	10/21/2004	63,434	49,620	13,814
4000 shs Inland Real Est	various	11/18/2004	60,070	40,000	20,070
950 shs Sovran Self Storage	3/21/2000	11/18/2004	40,369	18,188	22,181
frac sh North Fork	various	11/19/2004	15	-	15
2000 shs Synovus Financial Corp.	9/8/2003	12/17/2004	56,780	50,416	6,364
Inland Real Estate Corporation - cap gain distr	various	various	56	-	56
Europacific Growth Fund	various	various	1,168,062	956,117	211,945
			<u>2,122,422</u>	<u>1,798,265</u>	<u>324,157</u>

SCHEDULE 2

PART XIII - LINE 4cSECTION 4942(h)(2) ELECTION
AS TO THE TREATMENT OF QUALIFYING DISTRIBUTIONS

Pursuant to IRC Section 4942(h)(2) and Regulation 53.4942(a)-3(d)(2), the above referenced foundation hereby elects to treat current year qualifying distributions in excess of the immediately preceding tax year's undistributed income as being made out of corpus.

 Signature

 Title
PART I - LINE 19PART II - LINE 14

	<u>Date</u> <u>Purchased</u>	<u>Cost</u>	<u>Accum</u> <u>Depr</u>	<u>Method</u>	<u>Life</u>	<u>Depr</u> <u>Expense</u>
Land/Bldg - Mediterranean Res.		8,995	-			-
Computer equipment	5/28/1999	995	912	SL	5	83
Office equipment/computer	3/31/2002	4,514	1,580	SL	5	903
Computer	8/31/2003	2,500	167	SL	5	500
Computer	6/27/2004	1,959	-	SL	5	196
		<u>18,963</u>	<u>2,659</u>			<u>1,682</u>