

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

COPY

OMB No. 1545-0052

2006

Department of the Treasury
Internal Revenue Service

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

For calendar year 2006, or tax year beginning _____, **2006, and ending** _____

G Check all that apply:		<input type="checkbox"/> Initial return	<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	<input type="checkbox"/> Address change	<input type="checkbox"/> Name change
Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation PACIFIC NORTHWEST FOUNDATION, INC.				A Employer identification number 77-0177829	
	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 PORTLAND			State ZIP code OR 97219-2538		
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation						
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 4,589,831.				J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ <i>(Part I, column (d) must be on cash basis.)</i>		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>						

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)</i>				
REVENUE				
1 Contributions, gifts, grants, etc. received (att sch)	700.			
2 Ck <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments	20,138.	20,138.		
4 Dividends and interest from securities	95,575.	95,575.		
5a Gross rents	63,300.	63,300.		
b Net rental income or (loss)	-49,570.			
6a Net gain/(loss) from sale of assets not on line 10	232,881.			
b Gross sales price for all assets on line 6a	2,289,776.			
7 Capital gain net income (from Part IV, line 2)		232,881.		
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)				
12 Total. Add lines 1 through 11	412,594.	411,894.		
ADMINISTRATIVE EXPENSES				
13 Compensation of officers, directors, trustees, etc.	52,000.	26,000.		26,000.
14 Other employee salaries and wages	2,035.	2,035.		0.
15 Pension plans, employee benefits	94,533.	47,267.		47,266.
16a Legal fees (attach schedule) L-16a.Stmt	8,500.	8,500.		
b Accounting fees (attach sch) L-16b.Stmt	2,893.	43.		2,850.
c Other prof fees (attach sch) L-16c.Stmt	20,028.	18,951.		1,077.
17 Interest	510.	255.		255.
18 Taxes (attach schedule) See Line 18 Stmt.	9,668.	7,727.		1,941.
19 Depreciation (attach schedule) and depletion	21,709.	20,459.		
20 Occupancy				
21 Travel, conferences, and meetings	3,623.	3,623.		
22 Printing and publications				
23 Other expenses (attach schedule) See Line 23 Stmt	214,571.	169,422.		44,939.
24 Total operating and administrative expenses. Add lines 13 through 23	430,070.	304,282.		124,328.
25 Contributions, gifts, grants paid	420.			420.
26 Total expenses and disbursements. Add lines 24 and 25	430,490.	304,282.		124,748.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	-17,896.			
b Net investment income (if negative, enter -0-)		107,612.		
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		
ASSETS	1	Cash – non-interest-bearing		21,627.	60,797.	60,797.
	2	Savings and temporary cash investments		20,279.	10,324.	10,324.
	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.) ▶	254,171.			
		Less: allowance for doubtful accounts ▶		193,750.	254,171.	254,171.
	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		2,103,414.	1,331,852.	1,504,420.
		c Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment: basis	2,275,558.			
	Less: accumulated depreciation (attach schedule) L-11 Stmt	20,459.	972,706.	2,255,099.	2,275,558.	
12	Investments – mortgage loans L-12 Stmt			441,315.	441,315.	
13	Investments – other (attach schedule)					
14	Land, buildings, and equipment: basis ▶	46,251.				
	Less: accumulated depreciation (attach schedule) L-14 Stmt	3,005.	41,697.	43,246.	43,246.	
15	Other assets (describe ▶					
16	Total assets (to be completed by all filers—see instructions. Also, see page 1, item l)		3,353,473.	4,396,804.	4,589,831.	
LIABILITIES	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)			1,068,000.	
	22	Other liabilities (describe ▶ See Other Liab Stmt)		7,063.	290.	
	23	Total liabilities (add lines 17 through 22)		7,063.	1,068,290.	
NET ASSETS OR FUND BALANCES	Foundations 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				
	Foundations 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		3,346,410.	3,328,514.	
	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)		3,346,410.	3,328,514.		
31	Total liabilities and net assets/fund balances (see instructions)		3,353,473.	4,396,804.		

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,346,410.
2	Enter amount from Part I, line 27a.	2	-17,896.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	3,328,514.
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	3,328,514.

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 SEE SCHEDULE 1 ATTACHED	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 2,289,776.		2,056,895.	232,881.
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.	232,881.
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	232,881.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	3	

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

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

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

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

1 Enter the appropriate amount in each column for each year; see 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))
2005	239,291.	3,138,261.	0.076250
2004	247,052.	3,238,632.	0.076283
2003	212,315.	2,886,719.	0.073549
2002	220,026.	3,191,953.	0.068931
2001	213,509.	3,372,940.	0.063301

2 Total of line 1, column (d)	2	0.358314
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	0.071663
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5	4	2,546,844.
5 Multiply line 4 by line 3	5	182,514.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,076.
7 Add lines 5 and 6	7	183,590.
8 Enter qualifying distributions from Part XII, line 4	8	126,525.

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 foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b.....		1	2,152.
c All other domestic foundations 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	2,152.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	2,152.
6 Credits/Payments:			
a 2006 estimated tax pmts and 2005 overpayment credited to 2006	6 a	4,840.	
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	2,000.	
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d.	7	6,840.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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	4,688.	
11 Enter the amount of line 10 to be: Credited to 2007 estimated tax 4,688. Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?		X
<i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ▶ \$ _____ (2) On foundation managers ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes.</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If 'Yes,' has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, 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). OREGON		
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? <i>If 'No,' attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (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

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Part VII-A Statements Regarding Activities Continued

11 a	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 a		X
b	If 'Yes', did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, an annuities described in the attachment for line 11a?.....	11 b		
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?.....	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?.....	13	X	
Website address WWW.PNF.ORG				
14	The books are in care of FRANKLIN C. COOK Telephone no. (503) 977-3226			
Located at 7619 SW 26TH AVE.; PORTLAND, OREGON ZIP + 4 97219-2538				
15	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 15				

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
1 a	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? <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 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. <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"/>	1 b	X
Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>			
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 2006?.....	1 c	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 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006?..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years 20__ , 20__ , 20__ , 20__ .		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement- see instructions.).....	2 b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. 20__ , 20__ , 20__ , 20__ .		
3 a	Did the foundation 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 2006 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 2006.).....	3 b	
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?.....	4 a	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 2006?.....	4 b	X

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

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions). Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No

Organizations relying on a current notice regarding disaster assistance check here

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

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

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

If you answered 'Yes' to 6b, also file Form 8870.

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No

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.	73,412.	0.
ANNA M. SALANTI 7619 SW 26TH; PORTLAND, OR	PRESIDENT 40 HRS/WK	26,000.	34,044.	0.
KATHLEEN M. COOK 4601 BLACKROCK DR. #735; 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

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
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	
2 TEST & ANALYZE EQUIPMENT. PUBLISH REPORT ON FOUNDATION'S WEB SITE WITH RESULTS OF ANALYSIS.	110,368.
3	6,256.
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.	
Total. Add lines 1 through 3	

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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	1,759,236.
b Average of monthly cash balances.....	1b	250,223.
c Fair market value of all other assets (see instructions).....	1c	1,644,169.
d Total (add lines 1a, b, and c).....	1d	3,653,628.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).....	1e	
2 Acquisition indebtedness applicable to line 1 assets.....	2	1,068,000.
3 Subtract line 2 from line 1d.....	3	2,585,628.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions).....	4	38,784.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.....	5	2,546,844.
6 Minimum investment return. Enter 5% of line 5.....	6	127,342.

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	127,342.
2a Tax on investment income for 2006 from Part VI, line 5.....	2a	2,152.
b Income tax for 2006. (This does not include the tax from Part VI.).....	2b	
c Add lines 2a and 2b.....	2c	2,152.
3 Distributable amount before adjustments. Subtract line 2c from line 1.....	3	125,190.
4 Recoveries of amounts treated as qualifying distributions.....	4	0.
5 Add lines 3 and 4.....	5	125,190.
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	125,190.

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	124,748.
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	1,777.
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	126,525.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions).....	5	0.
6 Adjusted qualifying distributions. Subtract line 5 from line 4.....	6	126,525.

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 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				125,190.
2 Undistributed income, if any, as of the end of 2005:				
a Enter amount for 2005 only			0.	
b Total for prior years: 20__, 20__, 20__				
3 Excess distributions carryover, if any, to 2006:				
a From 2001	0.			
b From 2002	0.			
c From 2003	0.			
d From 2004	134,833.			
e From 2005	244,129.			
f Total of lines 3a through e	378,962.			
4 Qualifying distributions for 2006 from Part XII, line 4: ▶ \$ 126,525.				
a Applied to 2005, 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)	126,525.			
d Applied to 2006 distributable amount				
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2006 (If an amount appears in column (d), the same amount must be shown in column (a).)	125,190.			125,190.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	380,297.			
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 2005. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007				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 2001 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	380,297.			
10 Analysis of line 9:				
a Excess from 2002	0.			
b Excess from 2003	0.			
c Excess from 2004	9,643.			
d Excess from 2005	244,129.			
e Excess from 2006	126,525.			

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 2006, 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	Prior 3 years			(e) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
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 organization had \$5,000 or more in assets at any time during the year – see instructions.)

1 Information Regarding Foundation Managers:

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

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

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

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

a The name, address, and telephone number 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
<p>a Paid during the year PHYSICIANS FOR SOCIAL RESPONSIBILITY ST. CLARE CHURCH</p>		PUBLIC	GENERAL	250.
		PUBLIC	GENERAL	170.
Total				3 a 420.
b Approved for future payment				
Total				3 b

Form **4562**

Department of the Treasury
Internal Revenue Service

**Depreciation and Amortization
(Including Information on Listed Property)**

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2006

Attachment
Sequence No. **67**

Name(s) shown on return

PACIFIC NORTHWEST FOUNDATION, INC.

Identifying number

77-0177829

Business or activity to which this form relates

Form 990-PF page 1

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses.	1	\$108,000.
2	Total cost of section 179 property placed in service (see instructions).	2	
3	Threshold cost of section 179 property before reduction in limitation.	3	\$430,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions.	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29.	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7.	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8.	9	
10	Carryover of disallowed deduction from line 13 of your 2005 Form 4562.	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs).	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11.	12	
13	Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12.	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions.)

14	Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year (see instructions).	14	
15	Property subject to section 168(f)(1) election.	15	
16	Other depreciation (including ACRS).	16	

Part III MACRS Depreciation (Do not include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2006.	17	892.
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here. <input type="checkbox"/>		

Section B – Assets Placed in Service During 2006 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only – see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property		2,550.	5		S/L	358.
c 7-year property		152,483.	7		S/L	4,542.
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property	Various	898,358.	27.5 yrs	MM	S/L	15,917.
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C – Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions)

21	Listed property. Enter amount from line 28.	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations – see instructions.	22	21,709.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs.	23	

BAA For Paperwork Reduction Act Notice, see separate instructions.

FDI20812 06/22/06

Form 4562 (2006)

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A – Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	24b If 'Yes,' is the evidence written?		<input type="checkbox"/> Yes	<input type="checkbox"/> No	
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).....							25	
26 Property used more than 50% in a qualified business use:								
27 Property used 50% or less in a qualified business use:								
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.....							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.....								29

Section B – Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other 'more than 5% owner,' or related person. You provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a)		(b)		(c)		(d)		(e)		(f)	
	Vehicle 1	Vehicle 2	Vehicle 3	Vehicle 4	Vehicle 5	Vehicle 6						
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C – Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions).

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners.		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is 'Yes,' do not complete Section B for the covered vehicles.		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2006 tax year (see instructions):					
43 Amortization of costs that began before your 2006 tax year					43
44 Total. Add amounts in column (f). See instructions for where to report.					44

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	2,950.	1,475.		1,475.
FOREIGN TAXES W/HELD ON INV.	1,026.	1,026.		
OREGON DEPT. OF JUSTICE	466.			466.
U. S. TREASURY	5,226.	5,226.		
Total	<u>9,668.</u>	<u>7,727.</u>		<u>1,941.</u>

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	233.	233.		
BUSINESS MEALS	419.	209.		
DUES & SUBSCRIPTIONS	1,043.	522.		521.
EDUCATION	36,032.	36,032.		
IN-HOUSE PROJECTS	23,140.			23,140.
INSURANCE	16,595.	8,297.		8,298.
LICENSES & FEES	100.			100.
MEDICAL EXPENSE	13,543.	6,771.		6,772.
OFFICE EXPENSE	4,300.	2,150.		2,150.
POSTAGE	1,452.	726.		726.
STORAGE	1,620.			1,620.
TELEPHONE	3,224.	1,612.		1,612.
RENTAL EXPENSES	112,870.	112,870.		
Total	<u>214,571.</u>	<u>169,422.</u>		<u>44,939.</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>

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
ANDERSON LAW GROUP	CONSULTATION - RENTAL PROPERTIES	8,500.

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
ANDERSON LAW GROUP	CONSULTATION - RENTAL PROPERTIES	8,500.
Total		<u>8,500.</u>

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	2,850.
LINDY ROBERTSON	QUICK BOOKS CONSULTING	43.
Total		<u>2,893.</u>

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
AIG FINANCIAL ADVISORS	INVESTMENT FEES	17,873.
NORTHWEST RETIREMENT PLANS	PREPARATION OF PENSION PLAN DOCUMENTS	1,699.
PENSION BENEFIT GUARANTEE CORP	PENSION FEE	456.
Total		<u>20,028.</u>

Form 990-PF, Page 2, Part II, Line 11

L-11 Stmt

Line 11b - Description of Investments Land, Buildings and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
RENTAL PROPERTIES	2,275,558.	20,459.	2,255,099.
Total	<u>2,275,558.</u>	<u>20,459.</u>	<u>2,255,099.</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.
8/31/03 - COMPUTER	2,500.	1,667.	833.
6/27/04 - COMPUTER	1,959.	980.	979.
7/1/05 - TECH. ASSESSMENT EQUIP.	28,870.	0.	28,870.
3/14/06 - COMPUTER	2,150.	358.	1,792.
7/1/06 - TECH. ASSESSMENT EQUIP.	1,777.	0.	1,777.
Total	<u>46,251.</u>	<u>3,005.</u>	<u>43,246.</u>

Form 990-PF, Page 2, Part II, Line 22

Other Liab Stmt

Line 22 - Other Liabilities:	Ending Book Value
CREDIT CARD PAYABLE	290.
Total	<u>290.</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>
1000 shs ABN Amro Hldg	6/4/2004	1/12/2006	27,276	20,971	6,305
3000 shs Franklin Templeton Ltd Duration	4/21/2004	1/12/2006	37,738	42,413	(4,675)
2300 shs Duke Realty Corp	11/23/2004	2/24/2006	80,481	55,677	24,804
7700 shs Franklin Templeton Ltd Duration	4/29/2004	2/24/2006	100,492	105,369	(4,877)
527 shs ABN Amro Hldg	6/4/2004	3/14/2006	15,032	11,052	3,980
1360 shs PNC Finl Svcs Group	6/7/2004	3/14/2006	95,236	77,289	17,947
594 shs Everest Reinsurance Group	11/19/2004	5/22/2006	54,334	48,757	5,577
3000 shs Amsouth Bancorporation	6/7/2004	5/22/2006	84,942	75,347	9,595
1390 shs Bank of America	6/18/2004	5/22/2006	67,663	58,419	9,244
3700 shs Brandywine Realty Trust	6/10/2004	5/23/2006	105,326	80,655	24,671
1550 shs JP Morgan Chase & Co	6/18/2004	5/23/2006	66,927	58,146	8,781
2962 shs North Fork Bancorporation	6/7/2004	5/23/2006	88,310	75,105	13,205
2450 shs Regions Finl Corp	6/7/2004	5/23/2006	87,740	75,071	12,669
1430 shs Washington Mutual Inc	6/18/2004	5/23/2006	65,018	58,194	6,824
1100 shs Fiserv Inc	5/15/2006	5/24/2006	48,833	49,090	(257)
827 shs Partnerre Ltd Bermuda	11/19/2004	8/30/2006	51,331	48,789	2,542
3355 shs ABN Amro Hldg	6/4/2004	8/30/2006	92,953	70,697	22,256
1280 shs BB&T Corp	6/9/2004	8/30/2006	54,588	43,397	11,191
1764 shs Colonial Properties Trust	6/7/2004	8/30/2006	84,685	67,786	16,899
1000 shs Fifth Third Bancorp	7/22/2005	8/30/2006	39,448	42,303	(2,855)
1120 shs Gallagher Arthur J & Co	4/8/2005	8/30/2006	29,918	31,977	(2,059)
150 shs Franklin Templeton Ltd Duration	4/29/2004	12/13/2006	2,017	2,037	(20)
1400 shs Regis Corp Minnesota	5/15/2006	12/13/2006	54,088	49,468	4,620
8009 Hesperides Avenue, Las Vegas, Nevada	11/30/2005	3/31/2006	290,000	281,602	8,398
1707 Gatepost Avenue, Las Vegas, Nevada	11/21/2005	6/20/2006	299,900	278,283	21,617
2221 W. Bonanza Rd. #45, Las Vegas, Nevada	12/21/2005	11/2/2006	82,000	74,639	7,361
2221 W. Bonanza Rd. #5, Las Vegas, Nevada	3/7/2006	8/11/2006	90,500	86,038	4,462
2221 W. Bonanza Rd. #24, Las Vegas, Nevada	1/20/2006	8/9/2006	93,000	88,324	4,676
			<u>2,289,776</u>	<u>2,056,895</u>	<u>232,881</u>

SCHEDULE 3

PART XIII - LINE 4c

SECTION 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