

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

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 **2012** or tax year beginning **2012**, and ending **20**

Name of foundation **THE KAPHAN FOUNDATION**
C/O KING & OLIASON PLLC

Number and street (or P O box number if mail is not delivered to street address)
514 SECOND AVENUE WEST

Room/suite

City or town, state, and ZIP code
SEATTLE, WA 98119

A Employer identification number
65-1211107

B Telephone number (see instructions)
(206) 285-7242

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

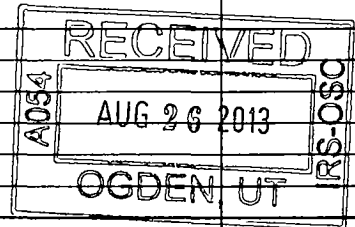
G Check all that apply
Initial return Initial return of a former public charity
Final return Amended return
Address change Name change

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, col (c), line 16) **\$ 42,968,093.**

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 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)
1 Contributions, gifts, grants etc., received (attach schedule)		5,153,195.			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		743,920.	743,920.		ATCH 1
5 a Gross rents					
b Net rental income or (loss)					
6 a Net gain or (loss) from sale of assets not on line 10		-44,176.			
b Gross sales price for all assets on line 6a 2,334,460.					
7 Capital gain net income (from Part IV, line 2)			1,631,465.		
8 Net short-term capital gain					
9 Income modifications					
10 a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total Add lines 1 through 11		5,852,939.	2,375,385.		
13 Compensation of officers, directors, trustees, etc		0			
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16 a Legal fees (attach schedule)					
b Accounting fees (attach schedule) ATCH 2		11,986.	5,993.		5,993.
c Other professional fees (attach schedule)					
17 Interest					
18 Taxes (attach schedule) (see instructions) ATCH 3		45,671.	7,671.		
19 Depreciation (attach schedule) and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses (attach schedule) ATCH 4		27,473.	25,120.		2,353.
24 Total operating and administrative expenses. Add lines 13 through 23		85,130.	38,784.		8,346.
25 Contributions, gifts, grants paid		1,525,000.			1,525,000.
26 Total expenses and disbursements. Add lines 24 and 25		1,610,130.	38,784.	0	1,533,346.
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements		4,242,809.			
b Net investment income (if negative, enter -0-)			2,336,601.		
c Adjusted net income (if negative, enter -0-)					



SCANNED AUG 27 2013

Revenue
Operating and Administrative Expenses

918-20

16

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	13,890.	5,253.	5,253.
	2	Savings and temporary cash investments	2,860,074.	1,321,331.	1,321,331.
	3	Accounts receivable			
		Less allowance for doubtful accounts			
	4	Pledges receivable			
		Less allowance for doubtful accounts			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach schedule)			
		Less allowance for doubtful accounts			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10 a	Investments - U S and state government obligations (attach schedule)			
	b	Investments - corporate stock (attach schedule) ATCH 5	17,041,282.	19,818,737.	32,216,508.
	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) ATCH 6	2,787,385.	5,709,415.	5,612,091.	
14	Land, buildings, and equipment basis				
	Less accumulated depreciation (attach schedule)				
15	Other assets (describe ATCH 7)	3,531,345.	3,622,049.	3,812,910.	
16	Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	26,233,976.	30,476,785.	42,968,093.	
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe)			
23	Total liabilities (add lines 17 through 22)	0	0		
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	26,233,976.	30,476,785.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
30	Total net assets or fund balances (see instructions)	26,233,976.	30,476,785.		
31	Total liabilities and net assets/fund balances (see instructions)	26,233,976.	30,476,785.		

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	26,233,976.
2	Enter amount from Part I, line 27a	2	4,242,809.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	30,476,785.
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	30,476,785.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	SEE PART IV SCHEDULE			
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				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))	
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any		
a				
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	1,631,465.
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	{ If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8 }	3	0

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	4,846,360.	31,178,992.	0.155437
2010	974,932.	27,266,100.	0.035756
2009	836,812.	21,347,620.	0.039199
2008	693,601.	19,255,980.	0.036020
2007	275,492.	15,150,653.	0.018184
2	Total of line 1, column (d)		2 0.284596
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 0.056919
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5		4 33,145,006.
5	Multiply line 4 by line 3		5 1,886,581.
6	Enter 1% of net investment income (1% of Part I, line 27b)		6 23,366.
7	Add lines 5 and 6		7 1,909,947.
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions		8 1,624,050.

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

Table with 11 rows for excise tax calculations. Line 1: 46,732. Line 2: Tax under section 511. Line 3: Add lines 1 and 2. Line 4: Subtitle A (income) tax. Line 5: Tax based on investment income. Lines 6a-6d: Credits/Payments. Line 7: Total credits and payments. Line 8: Enter any penalty. Line 9: Tax due. Line 10: Overpayment. Line 11: Enter the amount of line 10 to be credited to 2013 estimated tax.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Columns: Question, Yes, No. Row 1a: Did the foundation attempt to influence any national, state, or local legislation? Row 1b: Did it spend more than \$100 during the year for political purposes? Row 1c: Did the foundation file Form 1120-POL for this year? Row 2: Has the foundation engaged in any activities that have not previously been reported to the IRS? Row 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? Row 4a: Did the foundation have unrelated business gross income of \$1,000 or more during the year? Row 4b: If "Yes," has it filed a tax return on Form 990-T for this year? Row 5: Was there a liquidation, termination, dissolution, or substantial contraction during the year? Row 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? Row 7: Did the foundation have at least \$5,000 in assets at any time during the year? Row 8a: Enter the states to which the foundation reports or with which it is registered (see instructions). Row 8b: If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? Row 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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? Row 10: Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses.

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions) 11 X
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions) 12 X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? 13 X
Website address N/A
14 The books are in care of KING & OLIASON PLLC Telephone no 206-285-7242
Located at 514 SECOND AVE. WEST SEATTLE, WA ZIP+4 98119-3928
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here N/A and enter the amount of tax-exempt interest received or accrued during the year 15
16 At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? 16 Yes No X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country

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

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

1a During the year did the foundation (either directly or indirectly)
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes No X
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes No X
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes No X
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes No X
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? Yes No X
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) Yes No X
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? 1b N/A
Organizations relying on a current notice regarding disaster assistance check here
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012? 1c X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))
a At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? Yes No X
If "Yes," list the years
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions) 2b N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? Yes No X
b If "Yes," did it have excess business holdings in 2012 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 2012) 3b N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012? 4b X

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

5a During the year did the foundation pay or incur any amount to... (1) Carry on propaganda... (2) Influence the outcome of any specific public election... (3) Provide a grant to an individual for travel... (4) Provide a grant to an organization other than a charitable... (5) Provide for any purpose other than religious... b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify... c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax... 6a Did the foundation, during the year, receive any funds... 6b Did the foundation, during the year, pay premiums... 7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? 7b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

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).

Table with 5 columns: (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. Row 1: ATCH 8, 0, 0, 0.

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

Table with 5 columns: (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. Row 1: NONE.

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

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

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

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

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 CO-SPONSOR FUNDRAISING EVENT FOR WORLDREADER	2,328.
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

	Amount
1 DONOR-GUARANTOR PARTICIPATION FOR GRAMEEN FOUNDATION USA OFFERING LOAN GUARANTEE TO ENABLE THE FURTHERANCE OF GFUSA MICROFINANCE ACTIVITIES FOR PURPOSES OF ERADICATING POVERTY.	90,704.
2	
All other program-related investments See instructions	
3 NONE	
Total. Add lines 1 through 3	▶ 90,704.

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	1	a 31,623,375.
b	Average of monthly cash balances		1b 1,327,594.
c	Fair market value of all other assets (see instructions)		1c 698,783.
d	Total (add lines 1a, b, and c)		1d 33,649,752.
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	
3	Subtract line 2 from line 1d	3	33,649,752.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	504,746.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	33,145,006.
6	Minimum investment return. Enter 5% of line 5	6	1,657,250.

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	1,657,250.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	46,732.
b	Income tax for 2012 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	46,732.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,610,518.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	1,610,518.
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	1,610,518.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	1,533,346.
b	Program-related investments - total from Part IX-B	1b	90,704.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,624,050.
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	1,624,050.

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				1,610,518.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only				
b Total for prior years 20 10, 20 09, 20 08				
3 Excess distributions carryover, if any, to 2012				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				2,006,188.
f Total of lines 3a through e	2,006,188.			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 1,624,050.				
a Applied to 2011, 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 2012 distributable amount				1,610,518.
e Remaining amount distributed out of corpus	13,532.			
5 Excess distributions carryover applied to 2012 . (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	2,019,720.			
b Prior years' undistributed income Subtract line 4b from line 2b				
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				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount - see instructions				
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	2,019,720.			
10 Analysis of line 9				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011	2,006,188.			
e Excess from 2012	13,532.			

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

NOT APPLICABLE

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 2012, 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)

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

Table with columns: Tax year (a) 2012, (b) 2011, (c) 2010, (d) 2009, (e) Total. Rows include 85% of line 2a, Qualifying distributions from Part XII line 4, Amounts included in line 2c not used directly for active conduct of exempt activities, Qualifying distributions made directly for active conduct of exempt activities, and alternative tests (Assets, Endowment, Support).

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

1 Information Regarding Foundation Managers:

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

SHELDON J KAPHAN

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

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

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

c Any submission deadlines

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p>a <i>Paid during the year</i></p> <p>ATCH 9</p>				
Total ▶ 3a				1,525,000.
<p>b <i>Approved for future payment</i></p> <p>NONE</p>				
Total ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Table with 5 main columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Membership dues, Interest on savings, Dividends, Net rental income, etc.

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

Table with 2 columns: Line No., Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes.

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... a Transfers from the reporting foundation 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 d If the answer to any of the above is "Yes," complete the following schedule...

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A' for both amount and description.

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

b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. All rows are currently empty.

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

Sign Here [Signature] 8/13/2013 [Signature] President May the IRS discuss this return

Paid Preparer Use Only Print/Type preparer's name COLLEEN C. LOUGHRAN Preparer's signature Colleen C. Firm's name KING & OLIASON PLLC Firm's address 514 SECOND AVE. WEST SEATTLE, WA

Schedule B

(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Attach to Form 990, Form 990-EZ, or Form 990-PF.

OMB No 1545-0047

2012

Name of the organization

THE KAPHAN FOUNDATION
C/O KING & OLIASON PLLC

Employer identification number

65-1211107

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

[] 501(c)() (enter number) organization

[] 4947(a)(1) nonexempt charitable trust not treated as a private foundation

[] 527 political organization

Form 990-PF

[X] 501(c)(3) exempt private foundation

[] 4947(a)(1) nonexempt charitable trust treated as a private foundation

[] 501(c)(3) taxable private foundation

Check if your organization is covered by the General Rule or a Special Rule.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions

General Rule

[X] For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor Complete Parts I and II

Special Rules

[] For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1 Complete Parts I and II

[] For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals Complete Parts I, II, and III

[] For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use exclusively for religious, charitable, etc , purposes, but these contributions did not total to more than \$1,000 If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc , purpose Do not complete any of the parts unless the General Rule applies to this organization because it received nonexclusively religious, charitable, etc , contributions of \$5,000 or more during the year \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2012)

Name of organization **THE KAPHAN FOUNDATION**
C/O KING & OLIASON PLLC Employer identification number **65-1211107**

Part I Contributors (see instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	SHELDON J KAPHAN ----- C/O KING & OLIASON, 514 SECOND AVE W ----- SEATTLE, WA 98119 -----	\$ 3,253,195.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
2	SHELDON J KAPHAN ----- C/O KING & OLIASON, 514 SECOND AVE W ----- SEATTLE, WA 98119 -----	\$ 1,900,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization THE KAPHAN FOUNDATION
C/O KING & OLIASON PLLC

Employer identification number
65-1211107

Part II Noncash Property (see instructions) Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	ATTACHMENT A ----- ----- -----	\$ 3,253,195.	12/21/2012
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----
-----	----- ----- -----	\$ -----	-----

Name of organization THE KAPHAN FOUNDATION
C/O KING & OLIASON PLLC

Employer identification number
65-1211107

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry

For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year (Enter this information once See instructions) ▶ \$ _____

Use duplicate copies of Part III if additional space is needed

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
----- ----- -----		----- ----- -----	

ATTACHMENT 1

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
CHARLES SCHWAB	650,688.	650,688.
MORGAN STANLEY	93,232.	93,232.
TOTAL	<u>743,920.</u>	<u>743,920.</u>

ATTACHMENT 2

FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
ACCOUNTING FEES	11,986.	5,993.		5,993.
TOTALS	<u>11,986.</u>	<u>5,993.</u>		<u>5,993.</u>

FORM 990PF, PART I - TAXES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
FOREIGN TAXES PAID	7,671.	7,671.
FEDERAL EXCISE TAX	38,000.	
TOTALS	<u>45,671.</u>	<u>7,671.</u>

ATTACHMENT 4FORM 990PF, PART I - OTHER EXPENSES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>CHARITABLE PURPOSES</u>
LICENSES AND PERMITS	25.		25.
INVESTMENT MGMT FEES	25,117.	25,117.	
CO-SPONSOR WORLDREADER EVENT	2,328.		2,328.
BANK SERVICE CHARGES	3.	3.	
TOTALS	<u>27,473.</u>	<u>25,120.</u>	<u>2,353.</u>

ATTACHMENT 5FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
AMAZON.COM	3,209,173.	14,675,895.
BLACKROCK FUND	9,721,512.	9,563,374.
VANGUARD FUND	5,627,089.	6,061,417.
SECURITIES	1,260,963.	1,915,822.
TOTALS	<u>19,818,737.</u>	<u>32,216,508.</u>

ATTACHMENT 6FORM 990PF, PART II - OTHER INVESTMENTS

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
FLAG INT'L PARTNERS II (OFS)	282,129.	310,572.
FLAG PRIVATE EQUITY IV (OFS)	173,213.	173,695.
FLAG VENTURE PTNRS VII (OFS)	105,070.	132,974.
BARCLAYS BANK IPATH ETN	2,854,928.	2,700,775.
DIVIDENDS RECEIVABLE	781.	781.
PROCEEDS RECEIVABLE	2,293,294.	2,293,294.
TOTALS	<u>5,709,415.</u>	<u>5,612,091.</u>

ATTACHMENT 7

FORM 990PF, PART II - OTHER ASSETS

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
PRI ASSETS	3,622,049.	3,812,910.
TOTALS	<u>3,622,049.</u>	<u>3,812,910.</u>

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEESATTACHMENT 8

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS</u>	<u>EXPENSE ACCT AND OTHER ALLOWANCES</u>
SHELDON J KAPHAN 514 SECOND AVENUE WEST SEATTLE, WA 98119	PRES, VP, TREAS 1.00	0	0	0
MATTHEW B. MCCUTCHEN 514 SECOND AVENUE WEST SEATTLE, WA 98119	SECRETARY 1.00	0	0	0
	GRAND TOTALS	<u>0</u>	<u>0</u>	<u>0</u>

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEARATTACHMENT 9

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
GRAMEEN FOUNDATION USA ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE	40,000
OXFAM OF AMERICA ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT INTERNATIONAL AGRICULTURAL AND ECONOMIC DEVELOPMENT AND RELIEF	100,000
ELECTRONIC FRONTIER FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	PROMOTE RIGHTS IN ELECTRONIC COMMUNICATION	50,000.
CHANCES FOR CHILDREN ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE FOR CHILDREN	25,000.
THE LONG NOW FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	PROMOTE SOCIAL RESPONSIBILITY	40,000
FUSE INNOVATION FUND ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE ONLINE ORGANIZING AND COMMUNICATIONS OF WASHINGTON STATE GOVERNMENT ACTIVITIES	20,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEARATTACHMENT 9 (CONT'D)

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
WASHINGTON PROGRESS FUND ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT DEMOCRACY IN THE US	30,000
CENTER FOR CONSTITUTIONAL RIGHTS ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO DEFEND AND PROTECT CONSTITUTIONAL RIGHTS	150,000.
NATURAL RESOURCES DEFENSE COUNCIL ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROTECT WILDLIFE AND WILDLIFE HABITAT	75,000.
DEMOCRACY NOW ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE NATIONAL, NON-COMMERCIAL, PUBLIC MEDIA.	150,000
THE SUNLIGHT FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO DEVELOP INTERNET TECHNOLOGIES, MAKING GOVERNMENT INFORMATION MORE ACCESSIBLE TO THE GENERAL PUBLIC	75,000.
LAKE UNION OUTREACH FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROMOTE COMMUNITY SERVICE AND SOCIAL RESPONSIBILITY	

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEARATTACHMENT 9 (CONT'D)

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
TOWN HALL ASSOCIATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT COMMUNITY CULTURAL PROGRAMS	50,000.
WIKIMEDIA FOUNDATION ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO BRING FREE CONTENT TO THE WORLD VIA THE INTERNET	100,000.
CODE FOR AMERICA ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE ONLINE ORGANIZING OF CITY GOVERNMENTS	50,000.
DESC ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE FOR THE HOMELESS	15,000.
SEATTLE TILTH ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	CREATING A HEALTHIER COMMUNITY	10,000.
GLOBAL PARTNERSHIPS ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO PROVIDE MICROCREDIT FINANCING TO HELP COUNTERACT POVERTY.	30,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEARATTACHMENT 9 (CONT'D)

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
MAPLIGHT ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO REVEAL MONEY'S INFLUENCE ON POLITICS.	410,000.
WORLDREADER ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS PROVIDING DIGITAL BOOKS TO CHILDREN IN THE DEVELOPING WORLD.	100,000.
WATER.ORG ADDRESS AVAILABLE UPON REQUEST	N/A PUBLIC CHARITY	HUMAN AND HEALTH SERVICE	5,000.
		TOTAL CONTRIBUTIONS PAID	<u>1,525,000</u>

Symbol	Security Name	Quantity	Amount
AAPL	APPLE INC	700	\$ 360,468.50
AAPL	APPLE INC	700	\$ 360,468.50
AAPL	APPLE INC	200	\$ 102,991.00
AAPL	APPLE INC	200	\$ 102,991.00
AMG	AFFILIATED MANAGERS GRP	600	\$ 78,375.00
AMG	AFFILIATED MANAGERS GRP	300	\$ 39,187.50
AVB	AVALONBAY CMNTYS INC REIT	805	\$ 109,170.08
CAT	CATERPILLAR INC	1,200	\$ 104,796.00
COP	CONOCOPHILLIPS	2,614	\$ 153,232.68
COP	CONOCOPHILLIPS	186	\$ 10,903.32
COP	CONOCOPHILLIPS	400	\$ 23,448.00
COP	CONOCOPHILLIPS	144	\$ 8,441.28
COP	CONOCOPHILLIPS	144	\$ 8,441.28
COP	CONOCOPHILLIPS	144	\$ 8,441.28
CVX	CHEVRON CORPORATION	3,600	\$ 393,948.00
CVX	CHEVRON CORPORATION	412	\$ 45,085.16
DIS	DISNEY WALT CO	920	\$ 46,197.80
DIS	DISNEY WALT CO	400	\$ 20,086.00
DIS	DISNEY WALT CO	1,200	\$ 60,258.00
DIS	DISNEY WALT CO	1,500	\$ 75,322.50
IR	INGERSOLL RAND CL A NEWFIRELAND	2,100	\$ 100,380.00
IR	INGERSOLL RAND CL A NEWFIRELAND	53	\$ 2,533.40
NWSA	NEWS CORP LTD CL A CLASS A	2,300	\$ 57,155.00
NWSA	NEWS CORP LTD CL A CLASS A	2,300	\$ 57,155.00
ORCL	ORACLE CORPORATION	3,300	\$ 110,748.00
ORCL	ORACLE CORPORATION	600	\$ 20,136.00
ORCL	ORACLE CORPORATION	356	\$ 11,947.36
ORCL	ORACLE CORPORATION	1,700	\$ 57,052.00
ORCL	ORACLE CORPORATION	1,000	\$ 33,560.00
ORCL	ORACLE CORPORATION	1,100	\$ 36,916.00
PM	PHILIP MORRIS INTL INC	1,700	\$ 144,381.00
PM	PHILIP MORRIS INTL INC	1,100	\$ 93,423.00
PM	PHILIP MORRIS INTL INC	850	\$ 72,190.50
PM	PHILIP MORRIS INTL INC	281	\$ 23,865.33
PX	PRAXAIR INC	1,000	\$ 108,950.00
VIAB	VIACOM INC CL B NEW	2,100	\$ 111,069.00
VMED	VIRGIN MEDIA INC	2,736	\$ 99,480.96
	Total		<u>\$ 3,253,195.43</u>

**FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
		TOTAL CAPITAL GAIN DISTRIBUTIONS					414.	
2,293,294.		PUBLICLY TRADED SECURITIES 662,010.				D	VARIOUS 1,631,284.	VARIOUS
8,614.		FLAG INTERNATIONAL PARTNERS II 8,226.				P	VARIOUS 388.	VARIOUS
16,561.		FLAG PRIVATE EQUITY PARTNERS IV 18,620.				P	VARIOUS -2,059.	VARIOUS
15,577.		FLAG VENTURE PARTNERS VII 14,139.					VARIOUS 1,438.	VARIOUS
TOTAL GAIN (LOSS)							<u>1,631,465.</u>	

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

▶ File a separate application for each return

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed)

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns Enter filer's identifying number, see instructions

Type or print File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions THE KAPHAN FOUNDATION C/O KING & OLIASON PLLC	Employer identification number (EIN) or 65-1211107
	Number, street, and room or suite no. If a P O box, see instructions 514 SECOND AVENUE WEST	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions SEATTLE, WA 98119	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 4

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720- (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ▶ KING & OLIASON PLLC

Telephone No ▶ 206 285-7242 FAX No ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 2013, to file the exempt organization return for the organization named above. The extension is for the organization's return for
 ▶ calendar year 2012 or
 ▶ tax year beginning _____, 20____, and ending _____, 20____

2 If the tax year entered in line 1 is for less than 12 months, check reason Initial return Final return
 Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	56,394.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	13,394.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	43,000.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions. For Privacy Act and Paperwork Reduction Act Notice, see Instructions. Form **8868** (Rev. 1-2013)