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Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2007

For calendar year 2007, or tax year beginning , 2007, and ending

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

Name of foundation: THE KAPHAN FOUNDATION
C/O KING & OLIASON, P.S.
Number and street (or P O box number if mail is not delivered to street address): 514 SECOND AVENUE WEST
City or town, state, and ZIP code: SEATTLE, WA 98119
Employer identification number: 65-1211107
Telephone number: (206) 285-7242

H Check type of organization: [X] 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): \$ 22,573,768.
J Accounting method: [X] Cash [] Accrual [] Other (specify)

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 []

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the 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)	5,032,717.			
2 Check <input checked="" type="checkbox"/> (a) is not required to attach schedule				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	350,689.	350,689.		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	910,690.			
b Gross sales price for all assets on line 6a	7,070,126.			
7 Capital gain net income (from Part IV, line 2)		5,468,043.		
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	6,294,096.	5,818,732.		
13 Compensation of officers, directors, trustees, etc	NONE			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule) STMT 1	476.	NONE	NONE	476.
b Accounting fees (attach schedule) STMT 2	3,296.	1,648.	NONE	1,648.
c Other professional fees (attach schedule)				
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions) *	73,340.			
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule) STMT 4	161,112.			161,112.
24 Total operating and administrative expenses Add lines 13 through 23	238,224.	1,648.	NONE	163,236.
25 Contributions, gifts, grants paid	170,427.			170,427.
26 Total expenses and disbursements Add lines 24 and 25	408,651.	1,648.	NONE	333,663.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	5,885,445.			
b Net investment income (if negative, enter -0-)		5,817,084.		
c Adjusted net income (if negative, enter -0-)			-0-	

SCANNED MAY 30 2008

Operating and Administrative Expenses

For Privacy Act and Paperwork Reduction Act Notice, see page 30 of the instructions. ** STMT 3

Form **990-PF** (2007)

29

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	13,430.	5,685.	5,685.
	2 Savings and temporary cash investments	2,603,323.	3,624,835.	3,624,835.
	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 page 16 of the 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) STMT 5	9,544,352.	14,506,221.	18,943,248.
	c Investments - corporate bonds (attach schedule)			
	11 Investments - land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶				
12 Investments - mortgage loans				
13 Investments - other (attach schedule)				
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶ STMT 6)	NONE	NONE	NONE	
16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	12,161,105.	18,136,741.	22,573,768.	
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)			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	and complete lines 24 through 26 and lines 30 and 31.			
	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	12,161,105.	18,136,741.	
	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 page 17 of the instructions)	12,161,105.	18,136,741.		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	12,161,105.	18,136,741.		

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	12,161,105.
2 Enter amount from Part I, line 27a	2	5,885,445.
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 7	3	90,191.
4 Add lines 1, 2, and 3	4	18,136,741.
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	18,136,741.

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			(l) 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)			2	5,468,043.	
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 pages 13 and 17 of the 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 page 18 of 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))
2006	164,665.	6,685,827.	0.02462896512
2005	192,086.	4,403,311.	0.04362308272
2004	7,309.	4,019,518.	0.00181837723
2003	NONE	2,826,827.	NONE
2002			

2 Total of line 1, column (d)	2	0.07007042507
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	0.01751760627
4 Enter the net value of noncharitable-use assets for 2007 from Part X, line 5	4	15,150,653.
5 Multiply line 4 by line 3	5	265,403.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	58,171.
7 Add lines 5 and 6	7	323,574.
8 Enter qualifying distributions from Part XII, line 4	8	333,663.

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 on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 18 of the instructions)

Table with 11 rows for excise tax calculations. Includes items like 'Exempt operating foundations', 'Domestic foundations that meet the section 4940(e) requirements', 'Tax under section 511', 'Credits/Payments', and 'Total credits and payments'. Total tax due is 471.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Includes questions about political campaigns, political expenditures, and reporting requirements. Includes 'Yes' and 'No' columns.

Part VII-A Statements Regarding Activities (continued)

11a 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 page 20 of the instructions) 11a X
b If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a? 11b N/A
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 N/A
14 The books are in care of KING & OLIASON, P.S. 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-F in lieu of Form 1041 - Check here N/A 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.

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 page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here 1b N/A
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 2007? 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 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007? 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 page 22 of the 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 2007 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 2007) 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 2007? 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, charitable, scientific, literary, or educational purposes...

- 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...
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?

- 6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

- 7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?
b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

Table with 3 columns: 5b, 6b, 7b. Values include N/A and X.

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 23 of the instructions).

Table with 5 columns: (a) Name and address, (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: SEE STATEMENT 8, NONE, NONE, NONE.

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 23 of the 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, NONE, NONE, NONE.

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 page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		NONE

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 DEVELOPMENT OF TECHNOLOGY THAT PROMOTES AND ENHANCES OPEN PUBLIC DISCOURSE IN NEW AND INNOVATIVE WAYS.	161,067.
2 -----	
3 -----	
4 -----	

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 NONE	
2 -----	
All other program-related investments. See page 24 of the instructions	
3 NONE	
Total. Add lines 1 through 3	NONE

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	10,746,261.
b	Average of monthly cash balances	1b	4,635,113.
c	Fair market value of all other assets (see page 25 of the instructions)	1c	NONE
d	Total (add lines 1a, b, and c)	1d	15,381,374.
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	NONE
3	Subtract line 2 from line 1d	3	15,381,374.
4	Cash deemed held for charitable activities Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	230,721.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	15,150,653.
6	Minimum investment return. Enter 5% of line 5	6	757,533.

Part XI Distributable Amount (see page 25 of the 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	757,533.
2a	Tax on investment income for 2007 from Part VI, line 5	2a	58,171.
b	Income tax for 2007 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	58,171.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	699,362.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	699,362.
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	699,362.

Part XII Qualifying Distributions (see page 26 of the 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	333,663.
b	Program-related investments - total from Part IX-B	1b	NONE
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	NONE
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	333,663.
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 page 26 of the instructions)	5	58,171.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	275,492.

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 page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2006	(c) 2006	(d) 2007
1 Distributable amount for 2007 from Part XI, line 7				699,362.
2 Undistributed income, if any, as of the end of 2006				
a Enter amount for 2006 only			308,669.	
b Total for prior years				
3 Excess distributions carryover, if any, to 2007				
a From 2002				
b From 2003	NONE			
c From 2004	NONE			
d From 2005	NONE			
e From 2006				
f Total of lines 3a through e	NONE			
4 Qualifying distributions for 2007 from Part XII, line 4 ▶ \$ 333,663.				
a Applied to 2006, but not more than line 2a			308,669.	
b Applied to undistributed income of prior years (Election required - see page 27 of the instructions)				
c Treated as distributions out of corpus (Election required - see page 27 of the instructions)				
d Applied to 2007 distributable amount				24,994.
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2007 (If an amount appears in column (d), the same amount must be shown in column (a))	NONE			NONE
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	NONE			
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 page 27 of the instructions				
e Undistributed income for 2006 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f Undistributed income for 2007 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2008				674,368.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2002 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2008. Subtract lines 7 and 8 from line 6a	NONE			
10 Analysis of line 9				
a Excess from 2003				
b Excess from 2004	NONE			
c Excess from 2005	NONE			
d Excess from 2006				
e Excess from 2007				

Part XIV Private Operating Foundations (see page 27 of the 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 2007, 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) 2007	(b) 2006	(c) 2005	(d) 2004	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year - see page 28 of the 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 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 page 28 of the 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

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 Paid during the year</p> <p>SEE STATEMENT 9</p>				
Total ▶ 3a				170,427.
<p>b Approved for future payment</p>				
Total ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Table with 5 columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income or (loss) from real estate, Net rental income or (loss) from personal property, Other investment income, Gain or (loss) from sales of assets other than inventory, Net income or (loss) from special events, Gross profit or (loss) from sales of inventory, Other revenue, Subtotal, and Total.

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 (other than by providing funds for such purposes) (See page 29 of the instructions). Row 1 contains 'NOT APPLICABLE'.

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

- 1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

	Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of		
(1) Cash		X
(2) Other assets		X
b Other transactions		
(1) Sales of assets to a noncharitable exempt organization		X
(2) Purchases of assets from a noncharitable exempt organization		X
(3) Rental of facilities, equipment, or other assets		X
(4) Reimbursement arrangements		X
(5) Loans or loan guarantees		X
(6) Performance of services or membership or fundraising solicitations		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees		X
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received		

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
	N/A		N/A

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

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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 or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee: Sheldon J. Kaplan Date: 5/15/2008 Title: President

Sign Here	Paid Preparer's Use Only	Preparer's signature: <u>D. O. Liason, CPA</u>	Date: <u>MAY 14 2008</u>	Check if self-employed: <input type="checkbox"/>	Preparer's SSN or PTIN (See Signature on page 30 of the instructions): <u>P00285509</u>
		Firm's name (or yours if self-employed), address, and ZIP code: <u>KING & OLIASON, P.S. 514 SECOND AVE. WEST SEATTLE, WA 98119-3928</u>	EIN: <u>91-1584718</u>	Phone no: <u>206-285-7242</u>	

Schedule of Contributors

2007

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

Name of organization

THE KAPHAN FOUNDATION
C/O KING & OLIASON, P.S.

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

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 -

For organizations 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 Form 990-EZ, that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms (Complete Parts I and II)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests 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 Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate 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: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization **THE KAPHAN FOUNDATION**
C/O KING & OLIASON, P.S.

Employer identification number
65-1211107

Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	SHELDON J KAPHAN C/O KING & OLIASON, 514 SECOND AVE W SEATTLE, WA 98119	\$ 5,032,717.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" 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, P.S.	Employer identification number 65-1211107
---	--

Part II Noncash Property (See Specific Instructions.)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	SEE ATTACHMENT A - 118,545 SHARES OF VARIOUS PUBLICLY TRADED SECURITIES <hr/> <hr/> <hr/>	\$ 5,032,717.	12/20/2007
	<hr/> <hr/> <hr/>	\$ _____	
	<hr/> <hr/> <hr/>	\$ _____	
	<hr/> <hr/> <hr/>	\$ _____	
	<hr/> <hr/> <hr/>	\$ _____	
	<hr/> <hr/> <hr/>	\$ _____	
	<hr/> <hr/> <hr/>	\$ _____	
	<hr/> <hr/> <hr/>	\$ _____	

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
LEGAL FEES	476.			476.
TOTALS	476.	NONE	NONE	476.

FORM 990PF, PART I -- ACCOUNTING FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
ACCOUNTING FEES	3,296.	1,648.		1,648.
TOTALS	3,296.	1,648.	NONE	1,648.

FORM 990PF, PART I - TAXES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----
FEDERAL EXCISE TAX	73,340.
TOTALS	----- 73,340. =====

FORM 990PF, PART I - OTHER EXPENSES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	CHARITABLE PURPOSES -----
LICENSES AND PERMITS	35.	35.
WEBSITE DEVELOPMENT	161,067.	161,067.
WIRE FEES	10.	10.
TOTALS	161,112. =====	161,112. =====

FORM 990PF, PART II - CORPORATE STOCK

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
AMAZON.COM	3,351,273.	7,735,440.
BLACKROCK FUND	3,041,881.	3,133,977.
VANGUARD FUND	3,080,350.	2,932,995.
SECURITIES	5,032,717.	5,140,836.
TOTALS	14,506,221.	18,943,248.

FORM 990PF, PART II - OTHER ASSETS

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
DIVIDEND RECEIVABLE	NONE	NONE
TOTALS	NONE	NONE

FORM 990PF, PART III - OTHER INCREASES IN NET WORTH OR FUND BALANCES
=====

DESCRIPTION -----	AMOUNT -----
BOOK GAIN ON DONATION OF SECURITY	90,191.
TOTAL	----- 90,191. =====

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

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
SHELDON J KAPHAN C/O KING & OLIASON, P.S. 514 SECOND AVENUE WEST SEATTLE, WA 98119	PRES, VP, TREAS 1.00	NONE	NONE	NONE
MATTHEW B. MCCUTCHEN C/O KING & OLIASON, P.S. 514 SECOND AVENUE WEST SEATTLE, WA 98119	SECRETARY 1.00	NONE	NONE	NONE
GRAND TOTALS				
		NONE	NONE	NONE

THE KAPHAN FOUNDATION

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

RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR
AND
FOUNDATION STATUS OF RECIPIENT

RECIPIENT NAME AND ADDRESS	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
GRAMEEN FOUNDATION USA 50 F STREET NW, 8TH FLOOR WASHINGTON DC, 20001	HUMAN AND HEALTH SERVICE	36,614.
OXFAM OF AMERICA 226 CAUSEWAY STREET, 5TH FLOOR BOSTON, MA 02114-2206	HUMAN AND HEALTH SERVICE	10,000.
PKD FOUNDATION 9221 WARD PARKWAY, SUITE 400 KANSAS CITY, MO 64114-3367	MEDICAL RESEARCH	18,307.
ELECTRONIC FRONTIER FOUNDATION 454 SHOTWELL STREET SAN FRANCISCO, CA 94110	PROMOTE RIGHTS IN ELECTRONIC COMMUNICATION	18,307.
OXFAM OF AMERICA 226 CAUSEWAY STREET, 5TH FLOOR BOSTON, MA 02114-2206	HEALTH AND HUMAN SERVICE	36,614.
CHANCES FOR CHILDREN 24967 NORTH 107TH WAY SCOTTSDALE, AZ 85255	HUMAN AND HEALTH SERVICE FOR CHILDREN	18,307.
THE LONG NOW FOUNDATION FORT MASON CENTER, BLDG A SAN FRANCISCO, CA 94123	PROMOTE SOCIAL RESPONSIBILITY	16,139.

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

RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR

AND

FOUNDATION STATUS OF RECIPIENT

PURPOSE OF GRANT OR CONTRIBUTION

AMOUNT

RECIPIENT NAME AND ADDRESS

THE TOWN HALL
1119 8TH AVENUE
SEATTLE, WA 98101-2738

N/A
PUBLIC CHARITY

PROMOTE PERFORMING ARTS

16,139.

TOTAL CONTRIBUTIONS PAID

170,427.

2007 Form 990-PF
 SCHEDULE B PART II

Donor Name:

Date of Contribution:

Description of Donation:

Security ID	Ticker	Description of Asset	Number of Shares	FMV on 12/20/07
001547108	AKS	AK STEEL HOLDING CORP COM	200	\$8,736.00
00724F101	ADBE	ADOBE SYSTEMS INC COM	3,572	149,863.26
008252108	AMG	AFFILIATED MANAGERS GROUP INC COM	1,750	206,517.50
017361106	AYE	ALLEGHENY ENERGY INC COM	300	18,949.50
029912201	AMT	AMERICAN TOWER CORP CL A	1,300	53,891.50
037833100	AAPL	APPLE INC COM	1,800	334,044.00
052769106	ADSK	AUTODESK INC COM	800	40,096.00
086516101	BBY	BEST BUY INC COM	8,000	411,160.00
12686C109	CVC	CABLEVISION SYSTEMS CORP CL A NY CAB	476	11,424.00
134429109	CPB	CAMPBELL SOUP CO COM	11,967	434,880.78
151020104	CELG	CELGENE CORP COM	800	36,400.00
20030N200	CMCSK	COMCAST CORP NEW CL A SPL	7,924	142,116.94
219350105	GLW	CORNING INC COM	7,969	187,311.35
228227104	CCI	CROWN CASTLE INTL CORP COM	4,056	162,747.00
231021106	CMI	CUMMINS INC COM	400	47,448.00
313400301	FRE	FEDERAL HOME LOAN MORTGAGE CORP COM	2,067	65,306.87
354613101	BEN	FRANKLIN RES INC COM	3,442	379,187.93
36467W109	GME	GAMESTOP CORP NEW CL A	254	15,607.03
38388F108	GRA	GRACE W R & CO DEL NEW COM	300	7,495.50
401617105	GES	GUESS INC COM	1,800	72,423.00
405217100	HAIN	HAIN CELESTIAL GROUP INC COM	4,382	140,793.66
46122E105	VTIV	INVENTIV HEALTH INC COM	7,453	211,814.26
462846106	IRM	IRON MOUNTAIN INC DE COM	8,623	317,110.83
61166W101	MON	MONSANTO CO NEW COM	580	61,598.90
611742107	MNST	MONSTER WORLDWIDE INC COM	3,904	127,602.24
637071101	NOV	NATIONAL OILWELL VARCO INC COM	3,791	264,118.97
665859104	NTRS	NORTHERN TR CORP COM	2,685	203,872.05
670346105	NUE	NUCOR CORP COM	2,748	160,496.94
696643105	PALM	PALM INC COM	200	1,186.00
806407102	HSIC	SCHEIN HENRY INC COM	4,076	245,579.00
816851109	SRE	SEMPRA ENERGY COM	3,115	191,806.13
887100105	TBL	TIMBERLAND CO CL A	17,811	321,132.33
Total Value of Securities Transferred to Foundation			118,545	\$5,032,717.45

**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)	
5,484,906.		100,000 SHS AMAZON.COM INC PROPERTY TYPE: SECURITIES 8.				D	VARIOUS	04/25/2007
							5,484,898.	
71,354.		7868.94987 SHS BLACKROCK ENHANCED FUND PROPERTY TYPE: SECURITIES 71,742.				P	VARIOUS	VARIOUS
							-388.	
1,509,291.		153588.68513 SHS BLACKROCK ENHANCED FUND PROPERTY TYPE: SECURITIES 1,530,333.				P	VARIOUS	VARIOUS
							-21,042.	
4,575.		RETURN OF CAPITAL ADJUSTMENT - BLACKROCK PROPERTY TYPE: SECURITIES				P	VARIOUS	VARIOUS
							4,575.	
TOTAL GAIN (LOSS)							----- 5,468,043. =====	