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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

For calendar year **2008**, or tax year beginning **2008**, and ending **20**

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of 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**
Room/suite:
City or town, state, and ZIP code: **SEATTLE, WA 98119**

A Employer identification number
65-1211107

B Telephone number (see page 10 of the instructions)
(206) 285-7242

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) ▶ \$ 17,163,647.

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

C If exemption application is pending, check here

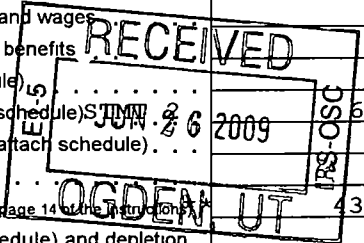
D 1 Foreign organizations, check here
2 Foreign organizations meeting the 85% test, check here and attach computation

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).	1,582,500.			
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	496,319.	496,319.		STMT 1
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	2,671,765.			
b	Gross sales price for all assets on line 6a	4,383,186.			
7	Capital gain net income (from Part IV, line 2)		2,671,765.		
8	Net short-term capital gain				
9	Income modifications			23,532.	
10a	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	4,750,584.	3,168,084.	23,532.	
13	Compensation of officers, directors, trustees, etc.	NONE			
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule)	6,357.	3,178.	NONE	3,179.
c	Other professional fees (attach schedule)				
17	Interest				
18	Taxes (attach schedule) (see page 14 of the instructions)	43,071.			
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (attach schedule) STMT. 4	289,396.	17,500.		271,896.
24	Total operating and administrative expenses. Add lines 13 through 23	338,824.	20,678.	NONE	275,075.
25	Contributions, gifts, grants paid	450,000.			450,000.
26	Total expenses and disbursements. Add lines 24 and 25	788,824.	20,678.	NONE	725,075.
27	Subtract line 26 from line 12				
a	Excess of revenue over expenses and disbursements	3,961,760.			
b	Net investment income (if negative, enter -0-)		3,147,406.		
c	Adjusted net income (if negative, enter -0-)			23,532.	

SCANNED JUL 01 2009



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	5,685.	27,134.	27,134.
	2 Savings and temporary cash investments	3,624,835.	3,576,800.	3,576,800.
	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 15 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	14,506,221.	15,302,166.	13,483,159.
	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) STMT 6	NONE	54,022.	34,053.
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶ STMT 7)	NONE	42,501.	42,501.	
16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	18,136,741.	19,002,623.	17,163,647.	
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	18,136,741.	19,002,623.	
	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)	18,136,741.	19,002,623.		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	18,136,741.	19,002,623.		

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	18,136,741.
2	Enter amount from Part I, line 27a	2	3,961,760.
3	Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 8	3	23,532.
4	Add lines 1, 2, and 3	4	22,122,033.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 9	5	3,119,410.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	19,002,623.

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) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a			
b			
c			
d			
e			

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	2,671,765.
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))
2007	275,492.	15,150,653.	0.018184
2006	164,665.	6,685,827.	0.024629
2005	192,086.	4,403,311.	0.043623
2004	7,309.	4,019,518.	0.001818
2003	NONE	2,826,827.	NONE

2	Total of line 1, column (d)	2	0.088254
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	0.017651
4	Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	19,255,980.
5	Multiply line 4 by line 3	5	339,887.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	31,474.
7	Add lines 5 and 6	7	371,361.
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 on page 18	8	725,075.

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 fields for exempt foundations, tax under section 511, add lines 1 and 2, subtitle A tax, tax based on investment income, credits/payments, and total tax due.

Part VII-A Statements Regarding Activities

Table with 10 rows for statements regarding activities. Includes questions about political campaigns, political expenditures, and foundation status.

Part VII-A Statements Regarding Activities (continued)

Table with 3 columns: Question, Yes, No. Rows 11-15 regarding controlled entities, insurance contracts, public inspection requirements, books in care, and nonexempt charitable trusts.

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.

Table with 3 columns: Question, Yes, No. Rows 1a-4b regarding Form 4720 requirements, including disqualifying acts, taxes on failure to distribute income, and business holdings.

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... (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... 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 page 22 of the 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: SEE STATEMENT 10, 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.	271,848.
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 23 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	NONE
2	
All other program-related investments See page 24 of the instructions	
3 NONE	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	15,622,327.
b	Average of monthly cash balances	1b	3,909,389.
c	Fair market value of all other assets (see page 24 of the instructions)	1c	17,502.
d	Total (add lines 1a, b, and c)	1d	19,549,218.
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	19,549,218.
4	Cash deemed held for charitable activities Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	293,238.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	19,255,980.
6	Minimum investment return. Enter 5% of line 5	6	962,799.

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	962,799.
2a	Tax on investment income for 2008 from Part VI, line 5	2a	31,474.
b	Income tax for 2008 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	31,474.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	931,325.
4	Recoveries of amounts treated as qualifying distributions	4	23,532.
5	Add lines 3 and 4	5	954,857.
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	954,857.

Part XII Qualifying Distributions (see page 25 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	725,075.
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	725,075.
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	31,474.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	693,601.

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 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				954,857.
2 Undistributed income, if any, as of the end of 2007				
a Enter amount for 2007 only			674,368.	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2008				
a From 2003				
b From 2004	NONE			
c From 2005	NONE			
d From 2006				
e From 2007				
f Total of lines 3a through e	NONE			
4 Qualifying distributions for 2008 from Part XII, line 4 ▶ \$ <u>725,075.</u>				
a Applied to 2007, but not more than line 2a			674,368.	
b Applied to undistributed income of prior years (Election required - see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required - see page 26 of the instructions)				
d Applied to 2008 distributable amount				50,707.
e Remaining amount distributed out of corpus	NONE			
5 Excess distributions carryover applied to 2008 (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 2007 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f Undistributed income for 2008 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2009				904,150.
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 2003 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	NONE			
10 Analysis of line 9				
a Excess from 2004				
b Excess from 2005	NONE			
c Excess from 2006				
d Excess from 2007				
e Excess from 2008	NONE			

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 2008, 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) 2008	(b) 2007	(c) 2006	(d) 2005	
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 27 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
a <i>Paid during the year</i> SEE STATEMENT 11				
Total ▶ 3a				450,000.
b <i>Approved for future payment</i> NONE				NONE
Total ▶ 3b				NONE

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'.

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... Yes No

b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

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

Signature area containing: Signature of officer or trustee, Date, Title, Preparer's signature, Date, Check if self-employed, Preparer's identifying number, Firm's name, address, and ZIP code, EIN, and Phone no.

Schedule of Contributors

2008

▶ Attach to Form 990, 990-EZ, and 990-PF.

Name of the organization THE KAPHAN FOUNDATION C/O KING & OLIASON, P.S.	Employer identification number 65-1211107
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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 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 (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. 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** answer "No" on Part IV, line 2 of their Form 990, or check the box in the heading of their 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
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Part I Contributors (see 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	\$ 1,582,500.	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 instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	30,000 SHARES OF AMAZON.COM STOCK	\$ 1,582,500.	12/26/2008

**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)	
4,383,186.		PUBLICLY TRADED SECURITIES PROPERTY TYPE: SECURITIES 1,711,421.				D	VARIOUS	VARIOUS
							2,671,765.	
TOTAL GAIN (LOSS)					----- 2,671,765. =====	

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

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
CHARLES SCHWAB	496,319.	496,319.
TOTAL	496,319.	496,319.

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
ACCOUNTING FEES	6,357.	3,178.		3,179.
TOTALS	6,357.	3,178.	NONE	3,179.

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

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----
FEDERAL EXCISE TAX	43,071.
TOTALS	----- 43,071. =====

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	CHARITABLE PURPOSES
LICENSES AND PERMITS	35.		35.
WEBSITE DEVELOPMENT	271,848.		271,848.
WIRE FEES	13.		13.
INVESTMENT MGMT FEES	17,500.	17,500.	
TOTALS	289,396.	17,500.	271,896.

FORM 990PF, PART II - CORPORATE STOCK

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
AMAZON.COM	4,933,773.	5,820,280.
BLACKROCK FUND	4,345,702.	4,014,399.
VANGUARD FUND	4,279,566.	2,681,546.
SECURITIES	1,743,125.	966,934.
TOTALS	15,302,166.	13,483,159.

FORM 990PF, PART II - OTHER INVESTMENTS

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
FLAG INT'L PARTNERS II (OFS)	44,000.	28,626.
FLAG PRIVATE EQUITY IV (OFS)	10,022.	5,427.
TOTALS	54,022.	34,053.

FORM 990PF, PART II - OTHER ASSETS

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
DIVIDEND RECEIVABLE	42,501.	42,501.
TOTALS	42,501.	42,501.

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

DESCRIPTION -----	AMOUNT -----
RECOVERY OF GRANT FUND	23,532.
TOTAL	----- 23,532. =====

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

DESCRIPTION -----	AMOUNT -----
BOOK/TAX DIFFERENCE ON SECURITIES SOLD	3,119,410.

TOTAL	3,119,410.
	=====

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.	NONE	NONE	NONE
MATTHEW B. MCCUTCHEM C/O KING & OLIASON, P.S. 514 SECOND AVENUE WEST SEATTLE, WA 98119	SECRETARY 1.	NONE	NONE	NONE
GRAND TOTALS				
		NONE	NONE	NONE

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	70,000.
OXFAM OF AMERICA 226 CAUSEWAY STREET, 5TH FLOOR BOSTON, MA 02114-2206	TO SUPPORT INTERNATIONAL AGRICULTURAL AND ECONOMIC DEVELOPMENT AND RELIEF	70,000.
PKD FOUNDATION 9221 WARD PARKWAY, SUITE 400 KANSAS CITY, MO 64114-3367	MEDICAL RESEARCH	20,000.
ELECTRONIC FRONTIER FOUNDATION 454 SHOTWELL STREET SAN FRANCISCO, CA 94110	PROMOTE RIGHTS IN ELECTRONIC COMMUNICATION	25,000.
SIKSHA FOUNDATION 109 S JACKSON SEATTLE, WA 98121	TO SUPPORT INTERNATIONAL DEVELOPMENT AND RELIEF SERVICES	15,000.
CHANCES FOR CHILDREN 24967 NORTH 107TH WAY SCOTTSDALE, AZ 85255	HUMAN AND HEALTH SERVICE FOR CHILDREN	20,000.

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

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
THE LONG NOW FOUNDATION FORT MASON CENTER, BLDG A SAN FRANCISCO, CA 94123	N/A PUBLIC CHARITY	PROMOTE SOCIAL RESPONSIBILITY	15,000.
FUSE INNOVATION FUND 1402 3RD AVENUE SEATTLE, WA 98101	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE ONLINE ORGANIZING AND COMMUNICATIONS OF WASHINGTON STATE GOVERNMENT ACTIVITIES	15,000.
PROGRESS ALLIANCE OF WASHINGTON 1402 3RD AVENUE SEATTLE, WA 98101	N/A PUBLIC CHARITY	TO SUPPORT DEMOCRACY IN THE US	25,000.
CENTER FOR CONSTITUTIONAL RIGHTS 666 BROADWAY 7 FL NEW YORK, NY 10012	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO DEFEND AND PROTECT CONSTITUTIONAL RIGHTS	35,000.
NATURAL RESOURCES DEFENSE COUNCIL 40 WEST 20TH STREET NEW YORK, NY 10011	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROTECT WILDLIFE AND WILDLIFE HABITAT	40,000.
DEMOCRACY NOW 100 LAFAYETTE ST NEW YORK, NY 10013	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO PROVIDE NATIONAL, NON-COMMERCIAL, PUBLIC MEDIA.	50,000.

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

RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
THE SUNLIGHT FOUNDATION 1818 N STREET NW WASHINGTON, DC 20036	N/A PUBLIC CHARITY	TO SUPPORT EFFORTS TO DEVELOP INTERNET TECHNOLOGIES, MAKING GOVERNMENT INFORMATION MORE ACCESSIBLE TO THE GENERAL PUBLIC	50,000.
TOTAL CONTRIBUTIONS PAID			450,000.

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

► 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 **X**
 - 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**

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

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T) However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868 For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Type or print	Name of Exempt Organization	THE KAPHAN FOUNDATION	Employer identification number	65-1211107
	C/O KING & OLIASON, P.S.			
	Number, street, and room or suite no If a P O box, see instructions			
	514 SECOND AVENUE WEST			
City, town or post office, state, and ZIP code For a foreign address, see instructions				
SEATTLE, WA 98119				

Check type of return to be filed (file a separate application for each return)

- | | | |
|---|--|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

o The books are in the care of ► KING & OLIASON, P.S.

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 will cover

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 2009, to file the exempt organization return for the organization named above The extension is for the organization's return for

- calendar year 2008 or
- tax year beginning _____, _____, and ending _____, _____.

2 If this tax year 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	\$ 42,600.
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit	3b	\$ 42,600.
c Balance Due. Subtract line 3b from line 3a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	\$ NONE

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.