

**Return of Private Foundation**

Department of the Treasury  
Internal Revenue Service

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

**1998**

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

For calendar year 1998, or tax year beginning \_\_\_\_\_, 1998, and ending \_\_\_\_\_, 19

Use the IRS label. Otherwise, please print or type. See Specific Instructions.	Operacion Esperanza 215 Newt Estates Road Longview, WA 98632	<b>A</b> Employer identification number 91-1799532
		<b>B</b> Telephone number (see page 9 of the instructions) 360-425-2308
<b>H</b> Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		<b>C</b> If exemption application is pending, check here <input type="checkbox"/>
<b>I</b> Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$	<b>J</b> Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	<b>D</b> 1. Foreign organizations, check here <input type="checkbox"/> 2. Organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
		<b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> <b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/> <b>G</b> If address changed, check here <input checked="" type="checkbox"/>

<b>Part I Analysis of Revenue &amp; Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in col.(a) (see page 9 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)
<b>1</b>	Contributions, gifts, grants, etc., received (attach sch.) . . . Stmt. . . 1	40,156			
<b>2</b>	Contributions from split-interest trusts . . . . .				
<b>3</b>	Interest on savings and temporary cash investments . . . . .	49	49	49	
<b>4</b>	Dividends and interest from securities . . . . .				
<b>5a</b>	Gross rents . . . . .				
<b>b</b>	(Net rental income or (loss)) . . . . .				
<b>6</b>	Net gain or (loss) from sale of assets not on line 10 . . . . .				
<b>7</b>	Capital gain net income (from Part IV, line 2) . . . . .				
<b>8</b>	Net short-term capital gain . . . . .				
<b>9</b>	Income modifications . . . . .				
<b>10a</b>	Gross sales less returns and allowances . . . . .				
<b>b</b>	Less: Cost of goods sold . . . . .				
<b>c</b>	Gross profit or (loss) (attach schedule) . . . . .				
<b>11</b>	Other income (attach schedule) . . . . .				
<b>12</b>	<b>Total.</b> Add lines 1 through 11 . . . . .	40,205	49	49	
<b>13</b>	Compensation of officers, directors, trustees, etc. . . . .				
<b>14</b>	Other employee salaries and wages . . . . .				
<b>15</b>	Pension plans, employee benefits . . . . .				
<b>16a</b>	Legal fees (attach schedule) . . . . .				
<b>b</b>	Accounting fees (attach schedule) . . . Stmt. . . 2	100			100
<b>c</b>	Other professional fees (attach schedule) . . . . .				
<b>17</b>	Interest . . . . .				
<b>18</b>	Taxes (attach sch.) (see pg. 12 of instr.) . . . . .				
<b>19</b>	Depreciation (attach schedule) and depletion . . . . .				
<b>20</b>	Occupancy . . . . .				
<b>21</b>	Travel, conferences, and meetings . . . . .	14,949			14,949
<b>22</b>	Printing and publications . . . . .				
<b>23</b>	Other expenses (attach schedule) . . . Stmt. . . 3	2,537			2,537
<b>24</b>	<b>Total operating and administrative expenses.</b> Add lines 13 through 23 . . . . .	17,586			17,586
<b>25</b>	Contributions, gifts, grants paid . . . . .				
<b>26</b>	<b>Total expenses and disbursements.</b> Add lines 24 and 25 . . . . .	17,586			17,586
<b>27</b>	<b>Subtract line 26 from line 12:</b>				
<b>a</b>	Excess of revenue over expenses and disbursements . . . . .	22,619			
<b>b</b>	Net investment income (if negative, enter -0-). . . . .		49		
<b>c</b>	Adjusted net income (if negative, enter -0-). . . . .			49	

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 .....			
	2	Savings and temporary cash investments .....		22,619	
	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 14 of the instructions) .....			
	7	Other notes and loans receivable ▶ Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use .....			
	9	Prepaid expenses and deferred charges .....			
	10a	Investments - U.S. and state government obligations (att. sch.) .....			
	b	Investments - corporate stock (attach schedule) .....			
	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 ▶ _____)				
16	<b>Total assets</b> (to be completed by all filers - see pg. 15 of the instructions Also, see page 1, item I) .....	0	22,619	0	
LIABILITIES	17	Accounts payable and accrued expenses .....			
	18	Grants payable .....			
	19	Deferred revenue .....			
	20	Loans from officers, directors, trustees, & other disqual. persons .....			
	21	Mortgages and other notes payable (attach schedule) .....			
	22	Other liabilities (describe ▶ _____)			
23	<b>Total liabilities</b> (add lines 17 through 22) .....	0	0		
NET ASSETS OR FUND BALANCES	Organizations 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 .....			
	Organizations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds .....			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund .....			
	29	Retained earnings, accumulated income, endowment, or other funds .....		22,619	
30	<b>Total net assets or fund balances</b> (see page 16 of the instructions) .....	0	22,619		
31	<b>Total liabilities and net assets/fund balances</b> (see page 16 of the instructions) .....	0	22,619		

**Part III Analysis of Changes in Net Assets or Fund Balances**

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return) .....	1	
2	Enter amount from Part I, line 27a .....	2	22,619
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3 .....	4	22,619
5	Decreases not included in line 2 (itemize) ▶ _____	5	
6	<b>Total net assets or fund balances at end of year</b> (line 4 minus line 5) - Part II, column (b), line 30 .....	6	22,619

**Part VI Excise Tax Based on Investment Income** (Section 4940(a), 4940(b), 4940(e), or 4948 - see page 16 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary - see instructions).		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	1
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of line 12b		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	1
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-	5	1
6	Credits/Payments:		
a	1998 estimated tax payments & 1997 overpayment credited to 1998	6a	
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 2758)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	
8	Enter any <b>PENALTY</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached.	8	
9	<b>TAX DUE.</b> If the total of lines 5 and 8 is more than line 7, enter <b>AMOUNT OWED</b>	9	1
10	<b>OVERPAYMENT.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>AMOUNT OVERPAID</b>	10	
11	Enter the amount of line 10 to be: <b>Credited to 1999 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b	N/A	
5		X
6		X
7	X	
8a		
8b	X	
9	X	
10	X	
11a		X
11b	N/A	
12		
13		

1a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? Washington

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 17 of the instructions for definition)?

If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.

c Did the organization file Form 1120-POL for this year?

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:  
(1) On the organization. \$ 0 (2) On the organization managers. \$ 0

e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. \$ 0

2 Has the organization engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.

3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes

4a Did the organization have unrelated business gross income of \$1,000 or more during the year?

b If "Yes," has it filed a tax return on Form 990-T for this year?

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.

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?

7 Did the organization have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, column (c), and Part XV.

8a Enter the states to which the foundation reports or with which it is registered (see page 18 of the instructions) Washington

b If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation

9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 1998 or the taxable year beginning in 1998 (see instructions for Part XIV on page 23)? If "Yes," complete Part XIV

10 Did any persons become substantial contributors during the tax year? See Statement 4

If "Yes" attach a schedule listing their names and addresses.

11a Did anyone request to see either the organization's annual return or its exemption application (or both)?

b If "Yes," did the organization comply pursuant to the instructions? (See General Instruction Q.)

12 The books are in care of Joseph Clawson Telephone No. 360-425-2308  
Located at 215 Newt Estates Road, Longview, WA ZIP + 4 98632

13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041. - Check here  and enter the amount of tax-exempt interest received or accrued during the year N/A



Client 00155

Operacion Esperanza

91-1799532

07/09/99

03:00 pm

Statement 1  
Form 990-PF, Part I, Line 1  
Contributions, Gifts, and Grants

## Direct Contributions:

Contributor's Name	Contributor's Address	Amount of Contr.
Edwin W. Pauley Foundation		18,081
Jim Wilkes		5,000
Don & Hedy Carlin		5,000
Direct Contributions less than \$5,000		12,075
Total Direct Contributions		\$ 40,156
Total Contributions		\$ <u>40,156</u>

Client O0155

Operacion Esperanza

91-1799532

07/09/99

03:00 pm

Statement 2  
Form 990-PF, Part I, Line 16b  
Accounting Fees

.....	\$	100
Total	\$	<u>100</u>

Statement 3  
Form 990-PF, Part I, Line 23  
Other Expenses

Annual ad .....	\$	18
Annual registration fee .....		10
Clothing - T-Shirts .....		463
Food .....		298
Medical license .....		125
Miscellaneous general .....		674
Office expense .....		382
Postage .....		197
Secretarial expense .....		370
Total	\$	<u>2,537</u>

Statement 4  
Form 990-PF, Part VII-A, Line 10  
Substantial Contributors during the tax year

Pauley Foundation

Wilkes

Carlin

Statement 5  
Form 990-PF, Part VIII, Line 1  
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title & avg. Hrs/wk devoted	Comp.	Employee Ben. Contrib.	Expense Pln Account/ Other
-----	-----	-----	-----	-----
Joseph Clawson 215 Newt Estates Road Longview, WA 98632	Dir/ Pres & Tr. None		0	0
			0	0

Client 00155

Operacion Esperanza

91-1799532

07/09/99

03:00 pm

Statement 5 (Continued)  
 Form 990-PF, Part VIII, Line 1  
 List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title & avg. Hrs/wk devoted	Comp.	Employee Ben. Plan Contrib.	Expense Account/ Other
Maryann Jensen 2420 Nightingale Lane Kelso, WA 98626	Director/Sec. None		0	0
Stephen Pauley	Director None		0	0
Total		\$	<u>0</u>	<u>0</u>

Statement 6  
 Form 990-PF, Part IX-A, Line 1  
 Summary of Direct Charitable Activities

Direct Charitable Activities	Expenses
Performing facial surgeries on cleft defects and other types of deformities to those in need. These services are performed by a team of medical professionals travelling to third world countries as volunteers. All work is entirely for gratis.	\$ 15,391