

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

2004

Department of the Treasury
Internal Revenue Service

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

For calendar year 2004, or tax year beginning , 2004, and ending

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.	Operacion Esperanza	A Employer identification number 91-1799532 B Telephone number (see instructions) 360-425-2308 C If exemption application is pending, check here <input type="checkbox"/> D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, column (c), line 16) ▶ \$ 118,398.		J 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.)

	Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)</i>	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
R E V E N U E	1 Contributions, gifts, grants, etc. received (att sch.)	54,384.			
	2 CK <input type="checkbox"/> If the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	1,443.	1,443.	1,443.	
	4 Dividends and interest from securities				
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit/(loss) (att sch)					
11 Other income (attach schedule)					
	12 Total. Add lines 1 through 11	55,827.	1,443.	1,443.	
A D M I N I S T R A T I V E O P E R A T I N G A N D E X P E N S E S	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch)				
	c Other prof fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule) <i>See Stmt 1</i>	41.			41.
	19 Depreciation (attach schedule) and depletion	1,885.			
	20 Occupancy				
	21 Travel, conferences, and meetings	46,994.			46,994.
22 Printing and publications					
23 Other expenses (attach schedule) <i>See Statement 2</i>	17,725.			17,725.	
	24 Total operating and administrative expenses. Add lines 13 through 23	66,645.			64,760.
25 Contributions, gifts, grants paid					
	26 Total expenses and disbursements. Add lines 24 and 25	66,645.	0.	0.	64,760.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-10,818.			
	b Net investment income (if negative, enter -0-)		1,443.		
	c Adjusted net income (if negative, enter -0-)			1,443.	

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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value		
A s s e t s	1	Cash — non-interest-bearing.....			
	2	Savings and temporary cash investments.....	122,343.	110,230.	110,230.
	3	Accounts receivable..... ▶			
		Less: allowance for doubtful accounts ▶			
	4	Pledges receivable..... ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable.....			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions).....			
	7	Other notes and loans receivable (attach sch.) ▶			
		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 (attach schedule).....			
		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..... 12,204.				
	Less: accumulated depreciation (attach schedule)..... See Stmt. 3. ▶ 4,036.	6,873.	8,168.	8,168.	
15	Other assets (describe.....)				
16	Total assets (to be completed by all filers — see instructions. Also, see page 1, item I).....	129,216.	118,398.	118,398.	
L i a b i l i t i e s	17	Accounts payable and accrued expenses.....			
	18	Grants payable.....			
	19	Deferred revenue.....			
	20	Loans from officers, directors, trustees, & other disqualified persons.....			
	21	Mortgages and other notes payable (attach schedule).....			
	22	Other liabilities (describe.....)			
	23	Total liabilities (add lines 17 through 22).....	0.	0.	
N e t A s s e t B a l a n c e s	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, building, and equipment fund.....			
	29	Retained earnings, accumulated income, endowment, or other funds.....	129,216.	118,398.	
30	Total net assets or fund balances (see instructions).....	129,216.	118,398.		
31	Total liabilities and net assets/fund balances (see instructions).....	129,216.	118,398.		

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	129,216.
2	Enter amount from Part I, line 27a.....	2	-10,818.
3	Other increases not included in line 2 (itemize)..... ▶	3	
4	Add lines 1, 2, and 3.....	4	118,398.
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	118,398.

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

1 a	Exempt operating foundations described in section 4940(d)(2), check here. <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary – see instructions)		
b	Domestic 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	29.
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-). ...	2	0.
3	Add lines 1 and 2.	3	29.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-). ...	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-.	5	29.
6	Credits/Payments:		
a	2004 estimated tax pmts and 2003 overpayment credited to 2004.	6a	
b	Exempt foreign organizations – tax withheld at source.	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	29.
d	Backup withholding erroneously withheld.	6d	
7	Total credits and payments. Add lines 6a through 6d.	7	29.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached.	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed.	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid.	10	
11	Enter the amount on line 10 to be: Credited to 2005 estimated tax. <input type="checkbox"/> Refunded. <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1 a		X
1 b		X
<i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.</i>		
1 c		X
d		
e		
2		X
3		X
4 a		X
4 b		N/A
5		X
6	X	
7	X	
8 a		
Washington		
8 b	X	
9	X	
10	X	
11	X	
12		
13		

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: Yes, No, and a third column for specific responses (N/A, X). Rows correspond to questions 1a through 6b.

- 1 a During the year did the organization (either directly or indirectly):
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?
(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)?
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)

- b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?
Organizations relying on a current notice regarding disaster assistance check here.
c Did the organization 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 2004?

- 2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):
a At the end of tax year 2004, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2004?
If 'Yes,' list the years
b Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income?
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.

- 3 a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?
b If 'Yes,' did it have excess business holdings in 2004 as a result of (1) any purchase by the organization 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 organization had excess business holdings in 2004.)

- 4 a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?
b Did the organization 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 2004?

- 5 a During the year did the organization pay or incur any amount to:
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
(3) Provide a grant to an individual for travel, study, or other similar purposes?
(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

- b If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?
Organizations relying on a current notice regarding disaster assistance check here.
c If the answer is 'Yes' to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant?
If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).

- 6 a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?
If you answered 'Yes' to 6b, also file Form 8870.

Name of organization

Employer identification number

Operacion Esperanza

91-1799532

Part I Contributors (See Specific Instructions.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Edwin W. Pauley Foundation	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Client O0155

Operacion Esperanza

91-1799532

7/07/10

01:12PM

Statement 1
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Excise tax on investments.....	\$ 41.			\$ 41.
Total	<u>\$ 41.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 41.</u>

Statement 2
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Bank Charges.....	\$ 103.			\$ 103.
Customs Fees.....	2,761.			2,761.
Ecuador-Liaison coordinator.....	3,125.			3,125.
Film.....	73.			73.
Office Expense.....	5,436.			5,436.
Patient Gifts.....	236.			236.
Registration Fees & Licenses.....	135.			135.
Shipping & Storage.....	2,082.			2,082.
Surgical & medical supplies.....	1,296.			1,296.
Telephone.....	1,344.			1,344.
Website/Online expense.....	1,134.			1,134.
Total	<u>\$ 17,725.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 17,725.</u>

Statement 3
Form 990-PF, Part II, Line 14
Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Furniture and Fixtures	\$ 12,204.	\$ 4,036.	\$ 8,168.	\$ 8,168.
Total	<u>\$ 12,204.</u>	<u>\$ 4,036.</u>	<u>\$ 8,168.</u>	<u>\$ 8,168.</u>

Statement 4
Form 990-PF, Part VII-A, Line 10
Substantial Contributors During the Tax Year

Edwin W. Pauley Foundation
 5670 Wilshire Blvd., Ste 1450
 Los Angeles, CA 90036

Client O0155

Operacion Esperanza

91-1799532

7/07/10

01:12PM

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

<u>Name and Address</u>	<u>Title and Average Hours Per Week Devoted</u>	<u>Compen- sation</u>	<u>Contri- bution to EBP & DC</u>	<u>Expense Account/ Other</u>
Joseph Clawson 215 Newt Estates Road Longview, WA 98632	Dir/ Pres & Tr. Various	\$ 0.	\$ 0.	\$ 0.
Jennifer Trubenbach 20911 Avenida Amapola Lake Forest, CA 92630	Director/Sec. Various	0.	0.	0.
Stephen Pauley P.O. Box 3759 Ketchum, ID 83340	Director Various	0.	0.	0.
Total		\$ 0.	\$ 0.	\$ 0.

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

<u>Direct Charitable Activities</u>	<u>Expenses</u>
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 traveling to third world countries as volunteers. All work is entirely for gratis.	\$ 66,645.