

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

2006

Department of the Treasury
Internal Revenue Service

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

For calendar year **2006**, or tax year beginning , **2006**, 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
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		C If exemption application is pending, check here <input type="checkbox"/>	D 1 Foreign organizations, check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, column (c), line 16) \$ 114,286.	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.)	D 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"/>	

	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)
REVENUE	1 Contributions, gifts, grants, etc. received (att sch)	98,846.			
	2 Ck <input type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	1,002.	1,002.	1,002.	
	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) See Statement 1	41,108.				
12 Total. Add lines 1 through 11	140,956.	1,002.	1,002.		
ADMINISTRATIVE AND OPERATING EXPENSES	13 Compensation of officers, directors, trustees, etc.	12,000.			12,000.
	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) . . See Stmt. 2	5.			5.
	19 Depreciation (attach schedule) and depletion	3,092.			
	20 Occupancy				
	21 Travel, conferences, and meetings	51,490.			51,490.
	22 Printing and publications				
23 Other expenses (attach schedule) See Statement 3	65,347.			65,347.	
24 Total operating and administrative expenses. Add lines 13 through 23	131,934.			128,842.	
25 Contributions, gifts, grants paid					
26 Total expenses and disbursements. Add lines 24 and 25	131,934.	0.	0.	128,842.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	9,022.				
b Net investment income (if negative, enter -0-)		1,002.			
c Adjusted net income (if negative, enter -0-)			1,002.		

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		
ASSETS	1	Cash – non-interest-bearing			
	2	Savings and temporary cash investments	97,000.	105,822.	105,822.
	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	18,316.			
	Less: accumulated depreciation (attach schedule) See Stmt. 4	9,852.	8,264.	8,464.	
15	Other assets (describe)				
16	Total assets (to be completed by all filers – see instructions. Also, see page 1, item I)	105,264.	114,286.	114,286.	
LIABILITIES	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.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here 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.				
	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	105,264.	114,286.		
30	Total net assets or fund balances (see instructions)	105,264.	114,286.		
31	Total liabilities and net assets/fund balances (see instructions)	105,264.	114,286.		

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	105,264.
2	Enter amount from Part I, line 27a	2	9,022.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	114,286.
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	114,286.

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?

Table with 3 columns: Question, Yes, No. Rows include 1a (1) Cash, 1a (2) Other assets, 1b (1) Sales of assets, 1b (2) Purchases of assets, 1b (3) Rental of facilities, 1b (4) Reimbursement arrangements, 1b (5) Loans or loan guarantees, 1b (6) Performance of services, and 1c Sharing of facilities.

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. 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.

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 (other than section 501(c)(3)) or in section 527? Yes No [X]

b If 'Yes,' complete the following schedule.

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains N/A.

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 section with fields for Signature of officer or trustee, Date, Title, Preparer's signature (James E Lampitt CPA), Date (8/10/07), Firm's name (DeFrancisco Lampitt & Brado PS), address (1424 14th Ave., Longview, WA 98632), Preparer's SSN or PTIN (N/A), EIN (N/A), and Phone no. ((360) 423-4520).

BAA

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.)
2	Fudge Family 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.)
3	Smile Train ----- ----- -----	\$ 10,000.	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.)

Client O0155

Operacion Esperanza

91-1799532

7/29/10

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Statement 1
Form 990-PF, Part I, Line 11
Other Income

Income From Special Events.....	\$	41,108.
Total	\$	<u>41,108.</u>

Statement 2
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.....	\$ 5.			\$ 5.
Total	<u>\$ 5.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 5.</u>

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Ecuador-Liaison coordinator.....	\$ 2,339.			\$ 2,339.
Media services.....	2,373.			2,373.
Meeting expenses.....	112.			112.
Office Expense.....	1,886.			1,886.
Patient Gifts.....	2,226.			2,226.
Printing Costs.....	5,423.			5,423.
Public relations.....	6,951.			6,951.
Shipping & Postage.....	498.			498.
Special Event Expenses.....	31,371.			31,371.
Supplies.....	226.			226.
Surgical & medical supplies.....	11,860.			11,860.
Telephone.....	82.			82.
Total	<u>\$ 65,347.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 65,347.</u>

Statement 4
Form 990-PF, Part II, Line 14
Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Furniture and Fixtures	\$ 18,316.	\$ 9,852.	\$ 8,464.	\$ 8,464.
Total	<u>\$ 18,316.</u>	<u>\$ 9,852.</u>	<u>\$ 8,464.</u>	<u>\$ 8,464.</u>

Client 00155

Operacion Esperanza

91-1799532

7/29/10

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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	Dir/ Pres & Tr. 10	\$ 0.	\$ 0.	\$ 0.
Jennifer Trubench	Director/Sec. 12	12,000.	0.	0.
Stephen Pauley	Director None	0.	0.	0.
Total		<u>\$ 12,000.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

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.	\$ 131,934.

Statement 7
Form 990-PF, Part X, Line 4
Explanation of Cash Deemed Held for Charitable Activities

Foundation expects necessary expenses during upcoming year to remain consistent with this years costs.

7/29/10

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Page 5: Part VII-B;

Question 1 a (4): Jennifer Trubenbach, Secretary (and a Director) of Operacion Esperanza received \$12,000 in non-employee compensation for her work to raise funds.

It is felt that this is a reasonable compensation and meets the exceptions to self-dealing with a disqualified person under Code Section 4941(d)(2)(E).

Operating & Administrative Exp. (990-PF)
Travel, conferences, etc.

Airfare.....	\$	25,752.
Hotel-In country.....		17,967.
Food-In country.....		7,200.
Gas-In country.....		571.
Total	\$	<u>51,490.</u>