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GOVERNMENT COPY

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

2003

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

For calendar year **2003**, or tax year beginning _____, 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.	Name of organization DAN AND PAT NELSON FAMILY FOUNDATION Number and street (or P.O. box number if mail is not delivered to street address) Room/suite 2921 HORSEHEAD BAY DR. N.W. City or town, state, and ZIP code GIG HARBOR, WA 98335	A Employer identification number 91-1939872 B Telephone number (253) 564-4146
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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) **\$ 482,289.** (Part I, column (d) must be on cash basis.)

J Accounting method: 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

	(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 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B	35,000.			
	2 Distributions from split-interest trusts				
	3 Interest on savings and temporary cash investments	38.	38.	STATEMENT 2	
	4 Dividends and interest from securities	11,505.	11,223.	STATEMENT 3	
	5a Gross rents				
	b (Net rental income or (loss))				
	6a Net gain or (loss) from sale of assets not on line 10	<5,579.>		STATEMENT 1	
	b Gross sales price for all assets on line 6a 111,480.				
	7 Capital gain net income (from Part IV, line 2)		0.		
	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 or (loss)					
11 Other income	<1,688.>	<1,688.>	0.	STATEMENT 4	
12 Total. Add lines 1 through 11	39,276.	9,573.	0.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	0.	0.	0.	
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 5	2,117.	1,058.	0.	1,059.
	c Other professional fees				
	17 Interest				
	18 Taxes				
	19 Depreciation and depletion	492.	0.	0.	
	20 Occupancy				
	21 Travel, conferences, and meetings	46.	0.	0.	46.
	22 Printing and publications				
	23 Other expenses STMT 6	735.	18.	0.	717.
	24 Total operating and administrative expenses. Add lines 13 through 23	3,390.	1,076.	0.	1,822.
	25 Contributions, gifts, grants paid	21,150.			21,150.
26 Total expenses and disbursements. Add lines 24 and 25	24,540.	1,076.	0.	22,972.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements ...	14,736.				
b Net investment income (if negative, enter -0-)		8,497.			
c Adjusted net income (if negative, enter -0-)			0.		

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only.		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		39,429.	15,420.	15,420.
	2	Savings and temporary cash investments		118,402.	94,764.	94,764.
	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				
	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	STMT 7	0.	19,895.	19,839.
	b	Investments - corporate stock	STMT 8	281,248.	166,060.	192,594.
	c	Investments - corporate bonds	STMT 9	0.	79,922.	81,211.
11	Investments - land, buildings, and equipment: basis					
	Less: accumulated depreciation					
12	Investments - mortgage loans					
13	Investments - other	STMT 10	0.	78,246.	78,216.	
14	Land, buildings, and equipment: basis		2,459.			
	Less: accumulated depreciation	STMT 11	2,214.	737.	245.	
15	Other assets (describe)					
16	Total assets (to be completed by all filers)		439,816.	454,552.	482,289.	
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				
	22	Other liabilities (describe)				
23	Total liabilities (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		0.	0.		
28	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.		
29	Retained earnings, accumulated income, endowment, or other funds		439,816.	454,552.		
30	Total net assets or fund balances		439,816.	454,552.		
31	Total liabilities and net assets/fund balances		439,816.	454,552.		

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	439,816.
2	Enter amount from Part I, line 27a	2	14,736.
3	Other increases not included in line 2 (itemize)	3	0.
4	Add lines 1, 2, and 3	4	454,552.
5	Decreases not included in line 2 (itemize)	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	454,552.

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 ATTACHED DETAIL		P	VARIOUS	VARIOUS
b SEE ATTACHED DETAIL		P	VARIOUS	VARIOUS
c CAPITAL GAINS DIVIDENDS				
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 97,908.		96,695.	1,213.	
b 13,524.		20,364.	<6,840.>	
c 48.			48.	
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(i) 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			1,213.	
b			<6,840.>	
c			48.	
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	<5,579.>	
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). If (loss), enter -0- in Part I, line 8		3	N/A	

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 organization liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
If "Yes," the organization does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see 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))
2002	33,394.	502,269.	.0664863
2001	34,037.	539,652.	.0630721
2000	13,346.	655,056.	.0203738
1999	0.	347,692.	.0000000
1998			
2 Total of line 1, column (d)			.1499322
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			.0374830
4 Enter the net value of noncharitable-use assets for 2003 from Part X, line 5			423,892.
5 Multiply line 4 by line 3			15,889.
6 Enter 1% of net investment income (1% of Part I, line 27b)			85.
7 Add lines 5 and 6			15,974.
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.			22,972.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see 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 checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	85.
c All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (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	85.
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	85.
6 Credits/Payments:			
a 2003 estimated tax payments and 2002 overpayment credited to 2003	6a		32.
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	32.
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	53.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	
11 Enter the amount of line 10 to be: Credited to 2004 estimated tax		11	

Part VII-A Statements Regarding Activities

	Yes	No
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?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? <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>		X
1c Did the organization file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization. \$ 0. (2) On 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? <i>If "Yes," attach a detailed description of the activities.</i>		X
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? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
4b If "Yes," has it filed a tax return on Form 990-T for this year? N/A		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T.</i>		X
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?	X	
7 Did the organization have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <u>WASHINGTON</u>		
8b 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? <i>If "No," attach explanation</i>	X	
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 2003 or the taxable year beginning in 2003 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses.</i> STMT 12	X	
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address <u>WWW.DPNFAMILY.ORG</u>	X	
12 The books are in care of <u>LORI ANN REEDER</u> Telephone no. <u>(253) 265-0088</u> Located at <u>2921 HORSEHEAD BAY DR. N.W., GIG HARBOR, WA</u> ZIP+4 <u>98335</u>		
13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year		N/A

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 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 page 19 of the 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 2003?

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 2003, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2003?

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? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)

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 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 2003 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 2003.)

4a 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 2003?

5a 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).

6a 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.

Table with 3 columns: Question ID, Yes, No. Rows include 1a, 1b, 1c, 2a, 2b, 3a, 3b, 4a, 4b, 5a, 5b, 6a, 6b.

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:

(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
DAN NELSON 5500 OLYMPIC DRIVE A105-234 GIG HARBOR, WA 98335	PRESIDENT 2 HOURS	0.	0.	0.
PAT NELSON 5500 OLYMPIC DRIVE A105-234 GIG HARBOR, WA 98335	TREASURER 2 HOURS	0.	0.	0.
LORI ANN REEDER 2921 HORSEHEAD BAY DRIVE NW GIG HARBOR, WA 98335	SECRETARY 10 HOURS	0.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(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
NONE				

Total number of other employees paid over \$50,000 0

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services 0

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	N/A	
2		
3		
4		

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.		Amount
1	N/A	
2		
All other program-related investments. See instructions.		
3		
Total. Add lines 1 through 3		0.

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see 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	349,606.
b	Average of monthly cash balances	1b	80,741.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	430,347.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	430,347.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	6,455.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	423,892.
6	Minimum investment return. Enter 5% of line 5	6	21,195.

Part XI Distributable Amount (see 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	21,195.
2a	Tax on investment income for 2003 from Part VI, line 5	2a	85.
b	Income tax for 2003. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	85.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	21,110.
4a	Recoveries of amounts treated as qualifying distributions	4a	0.
b	Income distributions from section 4947(a)(2) trusts	4b	0.
c	Add lines 4a and 4b	4c	0.
5	Add lines 3 and 4c	5	21,110.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	21,110.

Part XII Qualifying Distributions (see 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	22,972.
b	Program-related investments - Total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	22,972.
5	Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	85.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	22,887.

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 instructions)

	(a) Corpus	(b) Years prior to 2002	(c) 2002	(d) 2003
1 Distributable amount for 2003 from Part XI, line 7				21,110.
2 Undistributed income, if any, as of the end of 2002:				
a Enter amount for 2002 only			12,172.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2003:				
a From 1998				
b From 1999				
c From 2000				
d From 2001				
e From 2002				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2003 from Part XII, line 4: ▶ \$	22,972.			
a Applied to 2002, but not more than line 2a			12,172.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2003 distributable amount				10,800.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2003 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
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		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2002. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2003. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2004				10,310.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3)	0.			
8 Excess distributions carryover from 1998 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2004. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 1999				
b Excess from 2000				
c Excess from 2001				
d Excess from 2002				
e Excess from 2003				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

N/A

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 2003, enter the date of the ruling ▶

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2003	(b) 2002	(c) 2001	(d) 2000	
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 organization had \$5,000 or more in assets at any time during the year-see page 25 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).)

SEE STATEMENT 13

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.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see 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:

LORI ANN REEDER, 2921 HORSEHEAD BAY DR.NW, GIG HARBOR, WA 98335
(253) 265-0088

b The form in which applications should be submitted and information and materials they should include:

SEE STATEMENT 14

c Any submission deadlines:

JUNE 1 OF THE YEAR FOR WHICH THE GRANT IS REQUESTED

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

SEE STATEMENT 15

Schedule B
(Form 990, 990-EZ, or
990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2003

Name of organization

Employer identification number

DAN AND PAT NELSON FAMILY FOUNDATION

91-1939872

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 box(es) 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 \$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 1 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).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990 and Form 990-EZ

Schedule B (Form 990, 990-EZ, or 990-PF) (2003)

Name of organization DAN AND PAT NELSON FAMILY FOUNDATION	Employer identification number 91-1939872
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Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	DAN AND PAT NELSON 5500 OLYMPIC DRIVE #A105 GIG HARBOR WA, 98335	\$ 35,000.	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.)

FORM 990-PF GAIN OR (LOSS) FROM SALE OF ASSETS STATEMENT 1

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED PURCHASED	(F) DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
SEE ATTACHED DETAIL	97,908.	96,695.	0.	0.		1,213.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED PURCHASED	(F) DATE ACQUIRED VARIOUS	DATE SOLD VARIOUS
SEE ATTACHED DETAIL	13,524.	20,364.	0.	0.		<6,840.>

CAPITAL GAINS DIVIDENDS FROM PART IV						48.
TOTAL TO FORM 990-PF, PART I, LINE 6A						<5,579.>

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 2

SOURCE	AMOUNT
U.S. BANCORP	38.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	38.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 3

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
US BANCORP PIPER JAFFRAY	11,553.	48.	11,505.
TOTAL TO FM 990-PF, PART I, LN 4	11,553.	48.	11,505.

FORM 990-PF OTHER INCOME STATEMENT 4

DESCRIPTION	AMOUNT
KIDDER MORGAN ENERGY PA INCOME	<1,688.>
TOTAL TO FORM 990-PF, PART I, LINE 11, COLUMN A	<1,688.>

FORM 990-PF ACCOUNTING FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MCGLADREY & PULLEN TAX SERVICES	2,117.	1,058.	0.	1,059.
TO FORM 990-PF, PG 1, LN 16B	2,117.	1,058.	0.	1,059.

FORM 990-PF OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
DUES AND SUBSCRIPTIONS	495.	0.	0.	495.
BANK SERVICE CHARGES	18.	18.	0.	0.
LICENSE	38.	0.	0.	38.
SUPPLIES	184.	0.	0.	184.
TO FORM 990-PF, PG 1, LN 23	735.	18.	0.	717.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT	7
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DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	X		19,895.	19,839.
TOTAL U.S. GOVERNMENT OBLIGATIONS			19,895.	19,839.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			19,895.	19,839.

FORM 990-PF	CORPORATE STOCK	STATEMENT	8
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	166,060.	192,594.
TOTAL TO FORM 990-PF, PART II, LINE 10B	166,060.	192,594.

FORM 990-PF	CORPORATE BONDS	STATEMENT	9
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE ATTACHED SCHEDULE	79,922.	81,211.
TOTAL TO FORM 990-PF, PART II, LINE 10C	79,922.	81,211.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	10
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
KINDER MORGAN ENERGY PA	18,038.	27,148.
SEE ATTACHED SCHEDULE- MUTUAL FUNDS	60,208.	51,068.
TOTAL TO FORM 990-PF, PART II, LINE 13	78,246.	78,216.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 11

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER	2,459.	2,214.	245.
TOTAL TO FM 990-PF, PART II, LN 14	2,459.	2,214.	245.

FORM 990-PF LIST OF SUBSTANTIAL CONTRIBUTORS STATEMENT 12
PART VII-A, LINE 10

NAME OF CONTRIBUTOR	ADDRESS
DAN & PAT NELSON	5500 OLYMPIC DRIVE A105-234, GIG HARBOR, WA 98335

FORM 990-PF PART XV - LINE 1A STATEMENT 13
LIST OF FOUNDATION MANAGERS

NAME OF MANAGER
DAN NELSON
PAT NELSON

FORM 990-PF PART XV, LINE 2B STATEMENT 14
APPLICATION REQUIREMENTS

DESCRIPTION

APPLICATIONS SHOULD BE SUBMITTED VIA LETTER FORMAT. BASIC DATA TO BE INCLUDED: (A) TAX EXEMPT STATUS (B) PURPOSE OF GRANT (C) AMOUNT OF FUNDS NEEDED

FORM 990-PF

PART XV, LINE 2D
AWARD RESTRICTIONS AND LIMITATIONS

STATEMENT 15

DESCRIPTION

MAXIMUM AWARD/GRANT IS \$5,000 IN THE CHARITABLE FIELDS OF ARTS, EDUCATION & HEALTHCARE WITH EMPHASIS ON PROGRAMS FOR YOUTH AND ELDERLY IN THE STATES OF WASHINGTON AND IDAHO.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 16

RECIPIENT NAME AND ADDRESS	RECIPIENT STATUS	PURPOSE OF GRANT	RECIPIENT RELATIONSHIP	AMOUNT
THE MUSEUM OF GLASS, TACOMA, WA	509(A)(1)	GRANT FOR SCHOOL VISIT PROGRAM	NONE	5,000.
TACOMA ART MUSEUM, TACOMA, WA	509(A)(1)	GRANT FOR SENIORS AT TACOMA ART MUSEUM	NONE	2,000.
CHILDREN'S MUSEUM OF TACOMA	509(A)(2)	GRANT FOR FALL PROGRAM	NONE	50.
PIERCE COLLEGE FOUNDATION	509(A)(1)	GRANT FOR LAKEWOOD COMPUTER PLAYHOUSE	NONE	5,000.
TACOMA LITTLE THEATER	509(A)(2)	GRANT FOR YOUNG PERFORMERS INSTITUTE	NONE	3,000.
THE JUNIOR LEAGUE OF TACOMA	509(A)(2)	GRANT FOR SPONSOR A DREAM	NONE	1,000.
SENIORS MAKING ART, TACOMA, WA	509(A)(1)	GRANT FOR THREE TACOMA SITES	NONE	4,500.
ALPINE SAFETY AWARENESS PROGRAM	PUBLIC CHARITY	GRANT FOR TEEN EDUCATION PROGRAM ABOUT MOUNTAIN	NONE	500.
LIFE CENTER SCHOOL	PUBLIC CHARITY	GRANT FOR AT RISK KIDS PROGRAM	NONE	100.
TOTAL TO FORM 990-PF, PART XV, LINE 3A				21,150.