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GOVERNMENT COPY

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

2005

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

For calendar year **2005**, 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 QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT	A Employer identification number 39-1916960
	Number and street (or P.O. box number if mail is not delivered to street address) Room/suite 5703 20TH AVE. NW	B Telephone number (206) 783-5554
	City or town, state, and ZIP code SEATTLE, WA 98107	C If exemption application is pending, check here <input type="checkbox"/>

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) **\$ 23,052,811.** (Part I, column (d) must be on cash basis.)

J Accounting method: Cash Accrual
 Other (specify) _____

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)</small>		(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			N/A	
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	256,825.	251,882.		STATEMENT 1
	4 Dividends and interest from securities	462,950.	462,950.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	2,674,666.			
	b Gross sales price for all assets on line 6a 20,671,903.				
	7 Capital gain net income (from Part IV, line 2)		2,674,666.		
	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					
12 Total. Add lines 1 through 11	3,394,441.	3,389,498.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	82,310.	16,462.		65,848.
	14 Other employee salaries and wages	24,886.	4,977.		19,909.
	15 Pension plans, employee benefits	4,273.	855.		3,418.
	16a Legal fees STMT 3	12,709.	0.		12,709.
	b Accounting fees STMT 4	43,539.	28,300.		15,239.
	c Other professional fees STMT 5	346,374.	246,883.		108,291.
	17 Interest				
	18 Taxes STMT 6	26,628.	10,375.		4,507.
	19 Depreciation and depletion	7,950.	1,193.		
	20 Occupancy	10,400.	2,080.		8,320.
	21 Travel, conferences, and meetings	41,852.	0.		0.
	22 Printing and publications	3,789.	758.		3,031.
	23 Other expenses STMT 7	152,352.	13,968.		136,621.
	24 Total operating and administrative expenses. Add lines 13 through 23	757,062.	325,851.		377,893.
	25 Contributions, gifts, grants paid	792,717.			792,717.
26 Total expenses and disbursements. Add lines 24 and 25	1,549,779.	325,851.		1,170,610.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	1,844,662.				
b Net investment income (if negative, enter -0-)		3,063,647.			
c Adjusted net income (if negative, enter -0-)			N/A		

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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		446,469.	489,904.	489,904.
	2	Savings and temporary cash investments				
	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		3,011.	0.	0.
	10a	Investments - U.S. and state government obligations				
	b	Investments - corporate stock				
	c	Investments - corporate bonds				
	11	Investments - land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other	STMT 10	23,035,422.	22,546,026.	22,546,026.	
14	Land, buildings, and equipment: basis ▶	32,328.				
	Less: accumulated depreciation STMT 9 ▶	15,447.	15,712.	16,881.	16,881.	
15	Other assets (describe ▶					
16	Total assets (to be completed by all filers)		23,500,614.	23,052,811.	23,052,811.	
Liabilities	17	Accounts payable and accrued expenses			520.	
	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.	520.	
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		23,500,614.	23,052,291.	
30	Total net assets or fund balances		23,500,614.	23,052,291.		
31	Total liabilities and net assets/fund balances		23,500,614.	23,052,811.		

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	23,500,614.
2	Enter amount from Part I, line 27a	2	1,844,662.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	25,345,276.
5	Decreases not included in line 2 (itemize) ▶	5	SEE STATEMENT 8
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	23,052,291.

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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				
b SEE ATTACHED STATEMENT				
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 20,671,903.		17,997,237.	2,674,666.	
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				
b				
c				
d				
e			2,674,666.	
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	2,674,666.	
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))
2004	1,530,708.	22,638,688.	.067615
2003	1,094,766.	14,268,211.	.076728
2002	612,278.	8,298,045.	.073786
2001	284,703.	7,366,439.	.038649
2000	312,128.	6,618,726.	.047158
2 Total of line 1, column (d)			.303936
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			.060787
4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5			22,853,273.
5 Multiply line 4 by line 3			1,389,182.
6 Enter 1% of net investment income (1% of Part I, line 27b)			30,636.
7 Add lines 5 and 6			1,419,818.
8 Enter qualifying distributions from Part XII, line 4			1,170,610.

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.

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 type="checkbox"/> and enter 1% of Part I, line 27b	1	61,273.
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	61,273.
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	61,273.
6	Credits/Payments:		
a	2005 estimated tax payments and 2004 overpayment credited to 2005	6a	6,480.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	59,000.
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	65,480.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	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	4,199.
11	Enter the amount of line 10 to be: Credited to 2006 estimated tax <input type="checkbox"/> 4,199. Refunded <input type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
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.		
1c		X
d		
(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		X
If "Yes," attach a detailed description of the activities.		
3		X
If "Yes," attach a conformed copy of the changes		
4a		X
4b		N/A
5		X
If "Yes," attach the statement required by General Instruction T.		
6	X	
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	X	
If "Yes," complete Part II, col. (c), and Part XV.		
8a		
Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ WA		
8b	X	
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		X
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 2005 or the taxable year beginning in 2005 (see instructions for Part XIV)? If "Yes," complete Part XIV		
10	X	
Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses.		
11	X	
Did the organization comply with the public inspection requirements for its annual returns and exemption application?		
Web site address ▶ WWW.QUIXOTEFUNDATION.ORG		
12		
The books are in care of ▶ ERIK M. HANISCH, PRESIDENT Telephone no. ▶ (206) 783-5554		
Located at ▶ 5703 20TH AVE. NW, SEATTLE, WA ZIP+4 ▶ 98107		
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? Yes No
- (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes No
- (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes No
- (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes No
- (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)? Yes No
- (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.) Yes No

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 20 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 2005?

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 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005? Yes No

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.) N/A

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? Yes No

b If "Yes," did it have excess business holdings in 2005 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 2005.) N/A

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 2005?

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))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (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)? Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

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)? N/A

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? N/A Yes No

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? Yes No

b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? N/A Yes No

If you answered "Yes" to 6b, also file Form 8870.

	Yes	No
1a		
1b		X
1c		X
2a		
2b		
3a		
3b		
4a		X
4b		X
5a		
5b		
6a		
6b		X

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	
3 All other program-related investments. See instructions.	
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	22,959,150.
b Average of monthly cash balances	1b	242,142.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	23,201,292.
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	23,201,292.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	348,019.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	22,853,273.
6 Minimum investment return. Enter 5% of line 5	6	1,142,664.

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	1,142,664.
2a Tax on investment income for 2005 from Part VI, line 5	2a	61,273.
b Income tax for 2005. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	61,273.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	1,081,391.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	1,081,391.
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	1,081,391.

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	1,170,610.
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	1,170,610.
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	0.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,170,610.

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 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				1,081,391.
2 Undistributed income, if any, as of the end of 2004:				
a Enter amount for 2004 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2005:				
a From 2000	13,124.			
b From 2001				
c From 2002	200,278.			
d From 2003	383,151.			
e From 2004	411,694.			
f Total of lines 3a through e	1,008,247.			
4 Qualifying distributions for 2005 from Part XII, line 4: ▶ \$	1,170,610.			
a Applied to 2004, but not more than line 2a			0.	
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 2005 distributable amount				1,081,391.
e Remaining amount distributed out of corpus	89,219.			
5 Excess distributions carryover applied to 2005 (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	1,097,466.			
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 2004. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				0.
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 2000 not applied on line 5 or line 7	13,124.			
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a	1,084,342.			
10 Analysis of line 9:				
a Excess from 2001				
b Excess from 2002	200,278.			
c Excess from 2003	383,151.			
d Excess from 2004	411,694.			
e Excess from 2005	89,219.			

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 2005, 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) 2005	(b) 2004	(c) 2003	(d) 2002	
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 26 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).)

ERIK M. HANISCH

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:

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	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
Name and address (home or business)				
<p><i>a Paid during the year</i></p> <p>SEE ATTACHED</p>				792,717.
Total				▶ 3a 792,717.
<p><i>b Approved for future payment</i></p> <p>NONE</p>				
Total				▶ 3b 0.

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	NORTHERN TRUST - 31791 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
b	NORTHERN TRUST - 31791 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
c	NORTHERN TRUST - 31793 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
d	NORTHERN TRUST - 31793 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
e	NORTHERN TRUST - 31794 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
f	ADVEST - 04773 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
g	ADVEST - 04773 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
h	FIRST CLEARING - 84250 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
i	ADVEST - 88492 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
j	ADVEST - 85642 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
k	ADVEST - 95138 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
l	ADVEST - 95133 - SEE ATTACHED STMT	P	VARIOUS	VARIOUS
m	INCOME FROM SMITH ASSET MANAGEMENT GROUP	P	VARIOUS	VARIOUS
n	CAPITAL GAINS DIVIDENDS			
o				

	(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	841,154.		774,797.	66,357.
b	2,094,982.		1,751,294.	343,688.
c	2,930,701.		2,715,836.	214,865.
d	11,306,401.		10,014,550.	1,291,851.
e	76,393.		77,259.	-866.
f	211,357.		180,413.	30,944.
g	229,928.		161,452.	68,476.
h	367,644.		376,450.	-8,806.
i	304,010.		310,484.	-6,474.
j	1,691,018.		1,058,482.	632,536.
k	463,484.		463,620.	-136.
l	91,503.		70,712.	20,791.
m			41,888.	-41,888.
n	63,328.			63,328.
o				

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			66,357.
b			343,688.
c			214,865.
d			1,291,851.
e			-866.
f			30,944.
g			68,476.
h			-8,806.
i			-6,474.
j			632,536.
k			-136.
l			20,791.
m			-41,888.
n			63,328.
o			

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	2,674,666.
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

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
ACCRUED INTEREST PAID	-17,268.
ADVEST - 04773	1.
ADVEST - 195138	39,901.
ADVEST - 195141	23,029.
ADVEST - 85642	4.
ADVEST - 88492	76,913.
BOND AMORTIZATION	-76,972.
FIRST BUSINESS BANK	159.
FIRST CLEARING - 84250	142,833.
HOMESTREET BANK	111.
INCOME FROM SMITH ASSET MANAGEMENT GROUP	1,649.
NORTHERN TRUST - 31793	35,155.
NORTHERN TRUST - 31794	22,618.
OID INTEREST	8,692.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	256,825.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
ADVEST - 04773	8,037.	412.	7,625.
ADVEST - 195133	2,798.	200.	2,598.
ADVEST - 195138	1,559.	0.	1,559.
ADVEST - 195139	50,920.	0.	50,920.
ADVEST - 195140	21,342.	0.	21,342.
ADVEST - 195141	789.	201.	588.
ADVEST - 85642	110,441.	0.	110,441.
ADVEST - 87107	52,555.	0.	52,555.
ADVEST - 88492	3,891.	403.	3,488.
FIRST CLEARING - 84250	1,736.	0.	1,736.
INCOME FROM SMITH ASSET MANAGEMENT GROUP	1,603.	0.	1,603.
NORHTERN TRUST - 31793	196,659.	62,112.	134,547.
NORTHERN TRUST - 31791	67,404.	0.	67,404.
NORTHERN TRUST - 31794	6,544.	0.	6,544.
TOTAL TO FM 990-PF, PART I, LN 4	526,278.	63,328.	462,950.

FORM 990-PF	LEGAL FEES			STATEMENT	3
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
LEGAL FEES	12,709.	0.		12,709.	
TO FM 990-PF, PG 1, LN 16A	12,709.	0.		12,709.	

FORM 990-PF	ACCOUNTING FEES			STATEMENT	4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
ACCOUNTING FEES	43,539.	28,300.		15,239.	
TO FORM 990-PF, PG 1, LN 16B	43,539.	28,300.		15,239.	

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
INVESTMENT FEES	237,134.	237,134.		0.	
OTHER PROFESSIONAL FEES	109,240.	9,749.		108,291.	
TO FORM 990-PF, PG 1, LN 16C	346,374.	246,883.		108,291.	

FORM 990-PF	TAXES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
PAYROLL TAXES	20,317.	4,064.		4,507.	
FOREIGN TAXES	6,311.	6,311.		0.	
TO FORM 990-PF, PG 1, LN 18	26,628.	10,375.		4,507.	

FORM 990-PF	OTHER EXPENSES			STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
DUES & SUBSCRIPTIONS	1,160.	0.		747.	
BUSINESS INSURANCE	1,958.	0.		1,958.	
MISCELLANEOUS	1,187.	0.		1,187.	
OFFICE EXPENSE	15,592.	3,119.		12,473.	
UTILITIES AND SECURITY	3,586.	717.		2,869.	
BANK CHARGES	765.	153.		612.	
LICENSES & FEES	298.	60.		238.	
GRANTEE EXPENSES	66,599.	0.		66,599.	
ASSOCIATION DUES	5,270.	0.		3,920.	
DEVELOPMENT AND EDUCATION	49,312.	9,862.		39,450.	
POSTAGE	2,353.	0.		2,353.	
WEBSITE	3,989.	0.		3,989.	
PAYROLL SERVICE FEE	283.	57.		226.	
TO FORM 990-PF, PG 1, LN 23	152,352.	13,968.		136,621.	

FORM 990-PF	OTHER DECREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	8
DESCRIPTION			AMOUNT
UNREALIZED LOSS ON EQUITIES AND MUTUAL FUNDS			2,292,985.
TOTAL TO FORM 990-PF, PART III, LINE 5			2,292,985.

FORM 990-PF	DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT		STATEMENT	9
DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	
COMPUTER SOFTWARE	5,408.	5,408.	0.	
FURNITURE	17,801.	8,374.	9,427.	
REFRIGERATOR	313.	45.	268.	
DESK AND CHAIR	2,482.	355.	2,127.	
PALM PILOT (2)	450.	90.	360.	
APPLE IMAC G5	2,180.	436.	1,744.	
APPLE 12 IN POWERBOOK G4	1,090.	218.	872.	
APPLE 15 IN POWERBOOK G4	1,514.	303.	1,211.	
APPLE 12 IN POWERBOOK G4	1,090.	218.	872.	
TOTAL TO FM 990-PF, PART II, LN 14	32,328.	15,447.	16,881.	

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
INVESTMENTS	22,546,026.	22,546,026.
TOTAL TO FORM 990-PF, PART II, LINE 13	22,546,026.	22,546,026.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 11

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
ERIK M. HANISCH 5703 20TH AVE. NW SEATTLE, WA 98107	PRES. & BOARD 40.00	CHAIRMAN 0.	0.	16,000.
RICHARD J. LANGER 5703 20TH AVE. NW SEATTLE, WA 98107	VICE PRESIDENT 8.00	0.	0.	15,000.
MARTHA VUKELICH-AUSTIN 5703 20TH AVE. NW SEATTLE, WA 98107	SECRETARY & TREASURER 8.00	0.	0.	21,599.
RICHARD J. LANGER 5703 20TH AVE. NW SEATTLE, WA 98107	DIRECTOR 8.00	0.	0.	0.
LENORE HANISCH 5703 20TH AVE. NW SEATTLE, WA 98107	DIRECTOR 40.00	82,310.	0.	14,000.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		82,310.	0.	66,599.

Depreciation and Amortization 990-PF (Including Information on Listed Property)

See separate instructions. Attach to your tax return.

Name(s) shown on return: QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT. Business or activity to which this form relates: FORM 990-PF PAGE 1. Identifying number: 39-1916960

Part I Election To Expense Certain Property Under Section 179 Note: If you have any listed property, complete Part V before you complete Part I.

Table with 5 rows for Section 179 election. Line 1: 105,000. Line 3: 420,000.

Table with 3 columns: (a) Description of property, (b) Cost (business use only), (c) Elected cost. Rows 6-7.

Table with 13 rows for Section 179 calculation. Line 7: 7. Line 8: 8. Line 9: 9. Line 10: 10. Line 11: 11. Line 12: 12. Line 13: 13.

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.)

Table with 3 rows for Special Depreciation Allowance. Line 14: 14. Line 15: 15. Line 16: 16.

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

Table with 2 rows for Section A. Line 17: 6,285. Line 18: 18.

Section B - Assets Placed in Service During 2005 Tax Year Using the General Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows 19a-i.

Section C - Assets Placed in Service During 2005 Tax Year Using the Alternative Depreciation System

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction. Rows 20a-c.

Part IV Summary (see instructions)

Table with 3 rows for Summary. Line 21: 21. Line 22: 7,950. Line 23: 23.

QUIXOTE FOUNDATION, INC.

Part V Listed Property (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No		24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No						
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special allowance for certain aircraft, certain property with a long production period, and qualified NYL or GO Zone property placed in service during the tax year and used more than 50% in a qualified business use							25	
26 Property used more than 50% in a qualified business use:								
	:	:	%					
	:	:	%					
	:	:	%					
27 Property used 50% or less in a qualified business use:								
	:	:	%			S/L -		
	:	:	%			S/L -		
	:	:	%			S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							28	
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
30 Total business/investment miles driven during the year (do not include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2005 tax year:					
	:	:			
	:	:			
43 Amortization of costs that began before your 2005 tax year					43
44 Total. Add amounts in column (f). See the instructions for where to report					44

• If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box

Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

• If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time - Must file Original and One Copy.		
Type or print. File by the extended due date for filing the return. See instructions.	Name of Exempt Organization QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT	Employer identification number 39-1916960
	Number, street, and room or suite no. If a P.O. box, see instructions. 5703 20TH AVE. NW	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. SEATTLE, WA 98107	

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

- Form 990
- Form 990-EZ
- Form 990-T (sec. 401(a) or 408(a) trust)
- Form 1041-A
- Form 5227
- Form 8870
- Form 990-BL
- Form 990-PF
- Form 990-T (trust other than above)
- Form 4720
- Form 6069

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **ERIK M. HANISCH, PRESIDENT**
Telephone No. **(206) 783-5554** 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 is for.

- 4 I request an additional 3-month extension of time until **NOVEMBER 15, 2006**.
- 5 For calendar year **2005**, or other tax year beginning _____ and ending _____.
- 6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
- 7 State in detail why you need the extension
ADDITIONAL TIME IS NEEDED TO GATHER THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.

- 8a 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 \$ **65,480.**
- b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ **65,480.**
- c **Balance Due.** Subtract line 8b from line 8a. 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 \$ **0.**

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature _____ Title _____ Date _____

Notice to Applicant - To Be Completed by the IRS

- We **have** approved this application. Please attach this form to the organization's return.
- We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested.
- Other _____

Director _____ By: _____ Date _____

Alternate Mailing Address - Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name SWEENEY CONRAD, P.S.
	Number and street (include suite, room, or apt. no.) or a P.O. box number 2606 116TH AVENUE NE, SUITE 200
	City or town, province or state, and country (including postal or ZIP code) BELLEVUE, WA 98004-1422

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05-01-05