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GOVERNMENT COPY

**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 \_\_\_\_\_, 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 foundation <b>QUIXOTE FOUNDATION, INC.</b> <b>C/O ERIK M. HANISCH, PRESIDENT</b>	A Employer identification number <b>39-1916960</b>
	Number and street (or P.O. box number if mail is not delivered to street address) Room/suite <b>5703 20TH AVE. NW</b>	B Telephone number <b>(206) 783-5554</b>
	City or town, state, and ZIP code <b>SEATTLE, WA 98107</b>	C If exemption application is pending, check here <input type="checkbox"/>
	H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation	D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
	I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$ <b>23,995,968.</b> (Part I, column (d) must be on cash basis.)	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	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 <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)
<b>Revenue</b>	1 Contributions, gifts, grants, etc., received	156,434.		N/A	
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	149,210.	149,210.		STATEMENT 1
	4 Dividends and interest from securities	406,557.	406,557.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	748,001.			
	b Gross sales price for all assets on line 6a	4,403,338.			
	7 Capital gain net income (from Part IV, line 2)		748,001.		
	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	1,460,202.	1,303,768.			
<b>Operating and Administrative Expenses</b>	13 Compensation of officers, directors, trustees, etc.	146,002.	29,200.		116,802.
	14 Other employee salaries and wages	39,380.	7,876.		31,504.
	15 Pension plans, employee benefits	10,729.	2,146.		8,583.
	16a Legal fees STMT 3	7,046.	0.		7,046.
	b Accounting fees STMT 4	38,210.	19,105.		19,105.
	c Other professional fees STMT 5	273,538.	134,630.		138,908.
	17 Interest				
	18 Taxes STMT 6	95,713.	7,872.		8,841.
	19 Depreciation and depletion	10,161.	2,032.		
	20 Occupancy	16,125.	3,225.		12,900.
	21 Travel, conferences, and meetings	106,248.	21,250.		84,998.
	22 Printing and publications	3,214.	643.		2,571.
	23 Other expenses STMT 7	42,045.	8,411.		33,634.
	24 Total operating and administrative expenses. Add lines 13 through 23	788,411.	236,390.		464,892.
	25 Contributions, gifts, grants paid	1,177,738.			1,177,738.
26 Total expenses and disbursements. Add lines 24 and 25	1,966,149.	236,390.		1,642,630.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-505,947.				
b Net investment income (if negative, enter -0-)		1,067,378.			
c Adjusted net income (if negative, enter -0-)			N/A		

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Form **990-PF** (2006)

**QUIXOTE FOUNDATION, INC.**  
**C/O ERIK M. HANISCH, PRESIDENT**

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<b>Part II Balance Sheets</b>		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		
<b>Assets</b>	1	Cash - non-interest-bearing .....		489,904.	131,284.	131,284.
	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 .....			5,217.	5,217.
	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		22,546,026.	21,582,649.	23,845,523.
14	Land, buildings, and equipment: basis ▶ .....	38,419.				
	Less: accumulated depreciation STMT 9 ▶ .....	24,475.		16,881.	13,944.	13,944.
15	Other assets (describe ▶ .....					
16	<b>Total assets</b> (to be completed by all filers) .....			23,052,811.	21,733,094.	23,995,968.
<b>Liabilities</b>	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	<b>Total liabilities</b> (add lines 17 through 22) .....			520.	0.	
<b>Net Assets or Fund Balances</b>	<b>Foundations that follow SFAS 117, check here</b> ▶ <input type="checkbox"/>					
	<b>and complete lines 24 through 26 and lines 30 and 31.</b>					
	24	Unrestricted .....				
	25	Temporarily restricted .....				
	26	Permanently restricted .....				
	<b>Foundations that do not follow SFAS 117, check here</b> ▶ <input checked="" type="checkbox"/>					
	<b>and complete lines 27 through 31.</b>					
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 .....			23,052,291.	21,733,094.	
30	<b>Total net assets or fund balances</b> .....			23,052,291.	21,733,094.	
31	<b>Total liabilities and net assets/fund balances</b> .....			23,052,811.	21,733,094.	

**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	23,052,291.
2	Enter amount from Part I, line 27a .....	2	-505,947.
3	Other increases not included in line 2 (itemize) ▶ .....	3	0.
4	Add lines 1, 2, and 3 .....	4	22,546,344.
5	Decreases not included in line 2 (itemize) ▶ .....	5	SEE STATEMENT 8 813,250.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30 .....	6	21,733,094.

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QUIXOTE FOUNDATION, INC.

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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 4,403,338.		3,655,337.	748,001.	
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			748,001.	
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	748,001.	
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 foundation liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  No  
If "Yes," the foundation 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))
2005	1,170,610.	22,853,273.	.051223
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
2 Total of line 1, column (d)			.308001
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			.061600
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5		23,332,038.	
5 Multiply line 4 by line 3			1,437,254.
6 Enter 1% of net investment income (1% of Part I, line 27b)			10,674.
7 Add lines 5 and 6			1,447,928.
8 Enter qualifying distributions from Part XII, line 4			1,642,630.

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.

QUIXOTE FOUNDATION, INC.

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**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 foundations 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	10,674.
c	All other domestic foundations 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	10,674.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-	5	10,674.
6	Credits/Payments:		
a	2006 estimated tax payments and 2005 overpayment credited to 2006	6a	24,199.
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	24,199.
8	Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	22.
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	13,503.
11	Enter the amount of line 10 to be: <b>Credited to 2007 estimated tax</b> 13,503. <b>Refunded</b>	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 foundation in connection with the activities.		
1c		X
d		
(1) On the foundation. \$ 0. (2) On foundation managers. \$ 0.		
e		
Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. \$ 0.		
2		X
If "Yes," attach a detailed description of the activities.		
3		X
4a		X
4b		N/A
5		X
If "Yes," attach the statement required by General Instruction T.		
6	X	
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, WI		
8b	X	
9		X
10	X	
Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses. STMT 11		

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**Part VII-A Statements Regarding Activities** *Continued*

<b>11a</b>	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. (see instructions)			<b>X</b>
<b>11b</b>	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?		N/A	
<b>12</b>	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?			<b>X</b>
<b>13</b>	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Web site address ► WWW.QUIXOTEFUNDATION.ORG		<b>X</b>	
<b>14</b>	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			
<b>15</b>	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year		15	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.

	Yes	No
<b>1a</b> During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</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 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	<b>1b</b>	<b>X</b>
<b>c</b> Did the foundation 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 2006?	<b>1c</b>	<b>X</b>
<b>2</b> Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
<b>a</b> At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years		
<b>b</b> Are there any years listed in 2a for which the foundation 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	<b>2b</b>	
<b>c</b> If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.		
<b>3a</b> Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
<b>b</b> If "Yes," did it have excess business holdings in 2006 as a result of (1) any purchase by the foundation 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 foundation had excess business holdings in 2006.) N/A	<b>3b</b>	
<b>4a</b> Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	<b>4a</b>	<b>X</b>
<b>b</b> Did the foundation 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 2006?	<b>4b</b>	<b>X</b>

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required** *Continued*

5a During the year did the foundation 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)?  Yes  No

Organizations relying on a current notice regarding disaster assistance check here  Yes  No

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?  Yes  No

If "Yes," attach the statement required by Regulations section 53.4945-5(d). *N/A*

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?  Yes  No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No

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

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?  Yes  No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?  Yes  No

**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
SEE STATEMENT 12		146,002.	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
LENORE HANISCH 6723 21ST AVE NW, SEATTLE, WA 98117	EXECUTIVE DIR. 40.00	78,202.		

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

**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *Continued*

**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
KENETA ANDERSON 62617 ELK TRAIL WAY EAST, GREENWATER, WA 98022	CONSULTING	153,857.
<b>Total number of others receiving over \$50,000 for professional services</b>		<b>0</b>

**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 <b>N/A</b>	
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 <b>N/A</b>	
2	
All other program-related investments. See instructions.	
3	
<b>Total. Add lines 1 through 3</b>	<b>0.</b>



**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	23,270,681.
b	Average of monthly cash balances .....	1b	416,667.
c	Fair market value of all other assets .....	1c	
d	<b>Total</b> (add lines 1a, b, and c) .....	1d	23,687,348.
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	23,687,348.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) .....	4	355,310.
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4 .....	5	23,332,038.
6	<b>Minimum investment return.</b> Enter 5% of line 5 .....	6	1,166,602.

**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	1,166,602.
2a	Tax on investment income for 2006 from Part VI, line 5 .....	2a	10,674.
b	Income tax for 2006. (This does not include the tax from Part VI.) .....	2b	
c	Add lines 2a and 2b .....	2c	10,674.
3	Distributable amount before adjustments. Subtract line 2c from line 1 .....	3	1,155,928.
4	Recoveries of amounts treated as qualifying distributions .....	4	0.
5	Add lines 3 and 4 .....	5	1,155,928.
6	Deduction from distributable amount (see instructions) .....	6	0.
7	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1 .....	7	1,155,928.

**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	1,642,630.
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	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4 .....	4	1,642,630.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b .....	5	10,674.
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4 .....	6	1,631,956.

**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 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				1,155,928.
2 Undistributed income, if any, as of the end of 2005:				
a Enter amount for 2005 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2006:				
a From 2001				
b From 2002	200,278.			
c From 2003	383,151.			
d From 2004	411,694.			
e From 2005	89,219.			
f Total of lines 3a through e	1,084,342.			
4 Qualifying distributions for 2006 from Part XII, line 4: ▶ \$	1,642,630.			
a Applied to 2005, 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 2006 distributable amount				1,155,928.
e Remaining amount distributed out of corpus	486,702.			
5 Excess distributions carryover applied to 2006 (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	1,571,044.			
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 2005. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007				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 2001 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	1,571,044.			
10 Analysis of line 9:				
a Excess from 2002	200,278.			
b Excess from 2003	383,151.			
c Excess from 2004	411,694.			
d Excess from 2005	89,219.			
e Excess from 2006	486,702.			

QUIXOTE FOUNDATION, INC.

Form 990-PF (2006)

C/O ERIK M. HANISCH, PRESIDENT

39-1916960

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**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 2006, enter the date of the ruling
- b** Check box to indicate whether the foundation is a private operating foundation described in section  4942(j)(3) or  4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
<b>2 a</b> Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
<b>b</b> 85% of line 2a					
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon:					
<b>a</b> "Assets" alternative test - enter:					
<b>(1)</b> Value of all assets					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					
<b>b</b> "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
<b>c</b> "Support" alternative test - enter:					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
<b>(3)</b> Largest amount of support from an exempt organization					
<b>(4)</b> Gross investment income					

**Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see page 28 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 foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation 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>				1,177,738.
<b>Total</b> .....				<b>3a</b> 1,177,738.
<p><i>b Approved for future payment</i></p> <p>NONE</p>				
<b>Total</b> .....				<b>3b</b> 0.





**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

**2006**

Name of organization

QUIXOTE FOUNDATION, INC.  
C/O ERIK M. HANISCH, PRESIDENT

Employer identification number

39-1916960

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 boxes 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 2 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, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2006)

<b>Name of organization</b> QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT	<b>Employer identification number</b> 39-1916960
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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	ESTATE OF ARTHUR STUART HANISCH <hr/> 6723 21ST AVE. NW <hr/> SEATTLE, WA 98117 <hr/>	\$ 156,434.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)



**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	P	VARIOUS	VARIOUS
b	NORTHERN TRUST 31791 - SEE ATTACHED	P	VARIOUS	VARIOUS
c	NORTHERN TRUST 31793 - SEE ATTACHED	P	VARIOUS	VARIOUS
d	NORTHERN TRUST 31793 - SEE ATTACHED	P	VARIOUS	VARIOUS
e	NORTHERN TRUST 31794 - SEE ATTACHED	P	VARIOUS	VARIOUS
f	NORTHERN TRUST 31794 - SEE ATTACHED	P	VARIOUS	VARIOUS
g	SMITH ASSET MNT GROUP GAINS	P	VARIOUS	VARIOUS
h	SMITH ASSET MNT GROUP GAINS	P	VARIOUS	VARIOUS
i	CAPITAL GAINS DIVIDENDS			
j				
k				
l				
m				
n				
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	344,604.		307,282.	37,322.
b	2,005,694.		1,452,261.	553,433.
c	898,818.		847,468.	51,350.
d	701,207.		539,480.	161,727.
e	118,324.		119,514.	-1,190.
f	232,418.		232,988.	-570.
g			156,344.	-156,344.
h	18,876.			18,876.
i	83,397.			83,397.
j				
k				
l				
m				
n				
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			37,322.
b			553,433.
c			51,350.
d			161,727.
e			-1,190.
f			-570.
g			-156,344.
h			18,876.
i			83,397.
j			
k			
l			
m			
n			
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	748,001.
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

2006 DEPRECIATION AND AMORTIZATION REPORT

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Asset No.	Description	Date Acquired	Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
15	COMPUTER SOFTWARE	122100	SL	3.00	16	5,408.			5,408.	5,408.		0.
26	FURNITURE	122100	200DB	7.00	17	16,668.			16,668.	7,241.		6,285.
37	REFRIGERATOR	051305	200DB	7.00	17	313.			313.	45.		77.
38	DESK AND CHAIR	072805	200DB	7.00	17	2,482.			2,482.	355.		608.
39	PALM PILOT (2)	060205	200DB	5.00	17	450.			450.	90.		144.
40	APPLE IMAC G5	040105	200DB	5.00	17	2,180.			2,180.	436.		698.
41	APPLE 12 IN POWERBOOK G4	040105	200DB	5.00	17	1,090.			1,090.	218.		349.
42	APPLE 15 IN POWERBOOK G4	080505	200DB	5.00	17	1,514.			1,514.	303.		484.
43	APPLE 12 IN POWERBOOK G4	080505	200DB	5.00	17	1,090.			1,090.	218.		349.
44	HINGED DOOR CABINET	080806	200DB	7.00	19C	720.			720.			103.
45	30X60 DESK	080806	200DB	7.00	19C	548.			548.			78.
46	BOOKCASE	080806	200DB	7.00	19C	676.			676.			97.
47	48X20 PREP TABLE	080806	200DB	7.00	19C	269.			269.			38.
48	42" ROUND TABLE	080806	200DB	7.00	19C	481.			481.			69.
49	4 RED/BLACK STACK CHAIRS	080806	200DB	7.00	19C	337.			337.			48.
50	24X52 DESK	080806	200DB	7.00	19C	564.			564.			81.
51	4 WHEAT SWIVLE CHAIRS	080806	200DB	7.00	19C	891.			891.			127.
52	20X50 MOBILE TABLE	080806	200DB	7.00	19C	373.			373.			53.

2006 DEPRECIATION AND AMORTIZATION REPORT

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Asset No.	Description	Date Acquired		Method	Life	Line No.	Unadjusted Cost Or Basis	Bus % Excl	* Reduction In Basis	Basis For Depreciation	Accumulated Depreciation	Current Sec 179	Current Year Deduction
53	IMAC 20/20	06	21	06	200DB	5.00	19B			2,365.			473.
	* TOTAL 990-PF PG 1												
	DEPR						38,419.		0.	38,419.	14,314.	0.	10,161.

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

SOURCE	AMOUNT
ACCRUED BOND INTEREST	-13,251.
BOND AMORTIZATION	-23,657.
FIRST BUSINESS BANK	79.
HOMESTREET BANK	44.
INCOME FROM SMITH ASSET MANAGEMENT GROUP	5,830.
NORTHERN TRUST - 31794	178,801.
OTHER INTEREST	104.
SHOREBANK	1,260.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	149,210.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
INCOME FROM SMITH ASSET MANAGEMENT GROUP	7,305.	0.	7,305.
NORTHERN TRUST - 31791	139,064.	0.	139,064.
NORTHERN TRUST - 31793	261,621.	83,397.	178,224.
NORTHERN TRUST - 31794	8,163.	0.	8,163.
NORTHERN TRUST - 31796	73,801.	0.	73,801.
TOTAL TO FM 990-PF, PART I, LN 4	489,954.	83,397.	406,557.

FORM 990-PF LEGAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	7,046.	0.		7,046.
TO FM 990-PF, PG 1, LN 16A	7,046.	0.		7,046.

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	38,210.	19,105.		19,105.	
TO FORM 990-PF, PG 1, LN 16B	38,210.	19,105.		19,105.	

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	83,247.	83,247.		0.	
OTHER PROFESSIONAL FEES	173,635.	34,727.		138,908.	
SMITH ASSET MANAGEMENT INV FEES	16,656.	16,656.		0.	
TO FORM 990-PF, PG 1, LN 16C	273,538.	134,630.		138,908.	

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	11,051.	2,210.		8,841.	
FOREIGN TAXES	5,662.	5,662.		0.	
FEDERAL TAXES	79,000.	0.		0.	
TO FORM 990-PF, PG 1, LN 18	95,713.	7,872.		8,841.	

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	10,474.	2,095.		8,379.
BUSINESS INSURANCE	4,508.	902.		3,606.
MISCELLANEOUS	1,131.	226.		905.
OFFICE EXPENSE	2,301.	460.		1,841.
TELECOMMUNICATION	3,259.	652.		2,607.
BANK CHARGES	639.	128.		511.
SERVICES	9,979.	1,996.		7,983.
TECHNOLOGY MAINTENANCE	1,668.	334.		1,334.
SUPPLIES	5,454.	1,091.		4,363.
POSTAGE	1,774.	355.		1,419.
PAYROLL SERVICE FEE	858.	172.		686.
<b>TO FORM 990-PF, PG 1, LN 23</b>	<b>42,045.</b>	<b>8,411.</b>		<b>33,634.</b>

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 8

DESCRIPTION	AMOUNT
ADJUSTMENT REQUIRED TO CORRECT BOOKS TO COST BASIS (FROM FMV)	813,250.
<b>TOTAL TO FORM 990-PF, PART III, LINE 5</b>	<b>813,250.</b>

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	16,668.	13,526.	3,142.
REFRIGERATOR	313.	122.	191.
DESK AND CHAIR	2,482.	963.	1,519.
PALM PILOT (2)	450.	234.	216.
APPLE IMAC G5	2,180.	1,134.	1,046.
APPLE 12 IN POWERBOOK G4	1,090.	567.	523.
APPLE 15 IN POWERBOOK G4	1,514.	787.	727.
APPLE 12 IN POWERBOOK G4	1,090.	567.	523.
HINGED DOOR CABINET	720.	103.	617.
30X60 DESK	548.	78.	470.
BOOKCASE	676.	97.	579.

48X20 PREP TABLE	269.	38.	231.
42" ROUND TABLE	481.	69.	412.
4 RED/BLACK STACK CHAIRS	337.	48.	289.
24X52 DESK	564.	81.	483.
4 WHEAT SWIVLE CHAIRS	891.	127.	764.
20X50 MOBILE TABLE	373.	53.	320.
IMAC 20/20	2,365.	473.	1,892.
<b>TOTAL TO FM 990-PF, PART II, LN 14</b>	<b>38,419.</b>	<b>24,475.</b>	<b>13,944.</b>

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
INVESTMENTS	21,582,649.	23,845,523.
<b>TOTAL TO FORM 990-PF, PART II, LINE 13</b>	<b>21,582,649.</b>	<b>23,845,523.</b>

FORM 990-PF LIST OF SUBSTANTIAL CONTRIBUTORS STATEMENT 11  
PART VII-A, LINE 10

NAME OF CONTRIBUTOR	ADDRESS
ESTATE OF STUART HANISCH	5703 20TH AVE NW, SEATTLE, WA 98107

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 12

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 21,000.	0.	0.
RICHARD J. LANGER 5703 20TH AVE. NW SEATTLE, WA 98107	VICE PRESIDENT 8.00	15,000.	0.	0.
MARTHA VUKELICH-AUSTIN 5703 20TH AVE. NW SEATTLE, WA 98107	SECRETARY & TREASURER 8.00	17,800.	0.	0.
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	92,202.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		146,002.	0.	0.



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

▶ See separate instructions. ▶ Attach to your tax return.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**QUIXOTE FOUNDATION, INC.**  
**C/O ERIK M. HANISCH, PRESIDENT**

**FORM 990-PF PAGE 1**

**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.

<b>1</b> Maximum amount. See the instructions for a higher limit for certain businesses	<b>1</b>	<b>108,000.</b>
<b>2</b> Total cost of section 179 property placed in service (see instructions)	<b>2</b>	
<b>3</b> Threshold cost of section 179 property before reduction in limitation	<b>3</b>	<b>430,000.</b>
<b>4</b> Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	<b>4</b>	
<b>5</b> Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	<b>5</b>	
<b>6</b> (a) Description of property	(b) Cost (business use only)	(c) Elected cost
<b>7</b> Listed property. Enter the amount from line 29	<b>7</b>	
<b>8</b> Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	<b>8</b>	
<b>9</b> Tentative deduction. Enter the smaller of line 5 or line 8	<b>9</b>	
<b>10</b> Carryover of disallowed deduction from line 13 of your 2005 Form 4562	<b>10</b>	
<b>11</b> Business income limitation. Enter the smaller of business income (not less than zero) or line 5	<b>11</b>	
<b>12</b> Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	<b>12</b>	
<b>13</b> Carryover of disallowed deduction to 2007. Add lines 9 and 10, less line 12	<b>13</b>	

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.)**

<b>14</b> Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) placed in service during the tax year	<b>14</b>	
<b>15</b> Property subject to section 168(f)(1) election	<b>15</b>	
<b>16</b> Other depreciation (including ACRS)	<b>16</b>	

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

**Section A**

<b>17</b> MACRS deductions for assets placed in service in tax years beginning before 2006	<b>17</b>	<b>8,994.</b>
<b>18</b> If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here	<input type="checkbox"/>	

**Section B - Assets Placed in Service During 2006 Tax Year Using the General Depreciation System**

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
<b>19a</b> 3-year property						
<b>b</b> 5-year property		<b>2,365.</b>	<b>5 YRS.</b>	<b>HY</b>	<b>200DB</b>	<b>473.</b>
<b>c</b> 7-year property		<b>4,859.</b>	<b>7 YRS.</b>	<b>HY</b>	<b>200DB</b>	<b>694.</b>
<b>d</b> 10-year property						
<b>e</b> 15-year property						
<b>f</b> 20-year property						
<b>g</b> 25-year property			25 yrs.		S/L	
<b>h</b> Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
<b>i</b> Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

**Section C - Assets Placed in Service During 2006 Tax Year Using the Alternative Depreciation System**

<b>20a</b> Class life					S/L	
<b>b</b> 12-year			12 yrs.		S/L	
<b>c</b> 40-year	/		40 yrs.	MM	S/L	

**Part IV Summary (see instructions)**

<b>21</b> Listed property. Enter amount from line 28	<b>21</b>	
<b>22 Total.</b> Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	<b>22</b>	<b>10,161.</b>
<b>23</b> For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	<b>23</b>	

QUIXOTE FOUNDATION, INC.

C/O ERIK M. HANISCH, PRESIDENT

**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 qualified New York Liberty or Gulf Opportunity 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 2006 tax year:					
	:	:			
43 Amortization of costs that began before your 2006 tax year .....					43
44 Total. Add amounts in column (f). See the instructions for where to report .....					44