

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

2003

Department of the Treasury
Internal Revenue Service

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

For calendar year 2003, or tax year beginning _____, **and ending** _____

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of organization Howard Charitable Foundation		A Employer identification number 91-1952040
	Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see page 10 of the instr) 206-268-8662
	One Convention Place, 701 Pike Street	Suite 1400	
City or town, state, and ZIP code Seattle WA 98101-3927		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 <input type="checkbox"/>	
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 97,870,991		J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ <i>(Part I, column (d) must be on cash basis.)</i>	
		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	

Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 10 of the instructions))</i>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received Check <input type="checkbox"/> if the foundation is not required to attach Sch. B	0			
	2 Distributions from split-interest trusts				
	3 Interest on savings and temporary cash investments	6,554	6,554		
	4 Dividends and interest from securities	3,861,622	3,861,622		
	5 a Gross rents				
	b (Net rental income or (loss))	0			
	6 a Net gain or (loss) from sale of assets not on line 10	0			
	b G.S.P. on assets on 6a	0			
	7 Capital gain net income (from Part IV, line 2)		1,453,693		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10 a Gross sales less returns and allowances	0			
b Less. Cost of goods sold	0				
c Gross profit or (loss) (attach schedule)	0				
11 Other income (attach schedule)	1,310,050	1,310,050			
12 Total. Add lines 1 through 11	5,178,226	6,631,919	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	166,667	114,421		22,246
	14 Other employee salaries and wages	38,497	20,387		18,110
	15 Pension plans, employee benefits				
	16 a Legal fees (attach schedule)	19,414	19,414		
	b Accounting fees (attach schedule)	0			
	c Other professional fees (attach schedule)	313,310	313,310		
	17 Interest				
	18 Taxes (attach schedule)	2,290,647	2,290,647		
	19 Depreciation and depletion	0	0	0	
	20 Occupancy				
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses (attach schedule)	29,550	25,520		4,030	
24 Total operating and administrative expenses. Add lines 13 through 23	2,858,085	2,783,699	0	44,386	
25 Contributions, gifts, grants paid	2,689,640			2,689,640	
26 Total expenses & disbursements. Add lines 24 and 25	5,547,725	2,783,699	0	2,734,026	
27 Subtract line 26 from line 12.					
a Excess of revenue over expenses and disbursements	-369,499				
b Net investment income (if negative, enter -0-)		3,848,220			
c ADJUSTED NET INCOME (if negative, enter -0-)			0		

For Paperwork Reduction Act Notice, see the instructions.

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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	266,135	310,472	310,472
	2 Savings and temporary cash investments	495,926	30,915	30,938
	3 Accounts receivable	0	0	0
	Less: allowance for doubtful accounts	0	0	0
	4 Pledges receivable	0	0	0
	Less: allowance for doubtful accounts	0	0	0
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)	0	0	0
	7 Other notes and loans receivable	0	0	0
	Less: allowance for doubtful accounts	0	0	0
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10 a Investments—U.S. and state government obligations	0	0	0
	b Investments—corporate stock (attach schedule)	14,581,750	14,581,750	5,804,930
	c Investments—corporate bonds (attach schedule)	0	0	0
	11 Investments—land, buildings, and equipment basis	0	0	0
Less: accumulated depreciation	0	0	0	
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	84,914,875	91,724,651	91,724,651	
14 Land, buildings, and equipment basis	0	0	0	
Less: accumulated depreciation	0	0	0	
15 Other assets (describe Escrow balance)	147,672	0	0	
16 Total assets (to be completed by all filers—see page 16 of the instructions Also, see page 1, item I)	100,406,358	106,647,788	97,870,991	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons	0	0	
	21 Mortgages and other notes payable (attach schedule)	0	0	
	22 Other liabilities (describe Unrealized gain UBS Fnds)	0	5,137,760	
23 Total liabilities (add lines 17 through 22)	0	5,137,760		
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 and complete lines 27 through 31. <input type="checkbox"/>			
	27 Capital stock, trust principal, or current funds			
28 Paid-in or capital surplus, or land, bldg, and equipment fund				
29 Retained earnings, accumulated income, endowment, or other funds	100,406,358	101,510,028		
30 Total net assets or fund balances (see page 17 of the instructions)	100,406,358	101,510,028		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	100,406,358	106,647,788		

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	100,406,358
2	Enter amount from Part I, line 27a	2	-369,499
3	Other increases not included in line 2 (itemize) Unrealized gain UBS Funds, Cap gains UBS	3	6,610,929
4	Add lines 1, 2, and 3	4	106,647,788
5	Decreases not included in line 2 (itemize)	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	106,647,788

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 UBS U S Bond Relatiuonship Fund Form K-1	P	5/1/2002	9/15/2003
b UBS Global Securities Relationship Fund, Form K-1	P	5/1/2002	9/15/2003
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			350,597
b			1,103,096
c			0
d			0
e			0

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) Gains (Col. (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a		0	350,597
b		0	1,103,096
c		0	0
d		0	0
e		0	0

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	1,453,693
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) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8 }	3	

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 page 17 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col. (c))
2002			0.0000
2001			0.0000
2000			0.0000
1999			0.0000
1998			0.0000

2 Total of line 1, column (d)	2	0.0000
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	3	0.0000
4 Enter the net value of noncharitable-use assets for 2003 from Part X, line 5	4	0
5 Multiply line 4 by line 3	5	0
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	0
7 Add lines 5 and 6	7	0
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 17	8	0

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 17 of the Instructions)

Table with 11 rows and 2 columns. Row 1: Exempt operating foundations... 76,964. Row 2: Domestic organizations... 0. Row 3: All other domestic organizations... 76,964. Row 4: Tax under section 511... 0. Row 5: Add lines 1 and 2... 76,964. Row 6: Subtitle A (income) tax... 0. Row 7: Tax based on investment income... 76,964. Row 8: Credits/Payments. Row 9: 2003 estimated tax payments... 250,000. Row 10: Exempt foreign organizations... 0. Row 11: Tax paid with application... 0. Row 12: Backup withholding... 0. Row 13: Total credits and payments... 250,000. Row 14: Enter any penalty... 0. Row 15: Tax due... 0. Row 16: Overpayment... 173,036. Row 17: Enter the amount of line 10... 73,036. Row 18: Credited to 2004 estimated tax... 100,000.

Part VII-A Statements Regarding Activities

Table with 13 rows and 3 columns (Yes, No, and a third column). Row 1: During the tax year, did the organization attempt to influence any national, state, or local legislation... X. Row 2: Did it spend more than \$100 during the year... X. Row 3: Did the organization file Form 1120-POL... X. Row 4: Enter the amount of tax on political expenditures... Row 5: Enter the reimbursement... Row 6: Has the organization engaged in any activities... X. Row 7: Has the organization made any changes... X. Row 8: Did the organization have unrelated business gross income... X. Row 9: If "Yes," has it filed a tax return... X. Row 10: Was there a liquidation... X. Row 11: Are the requirements of section 508(e)... X. Row 12: Did the organization have at least \$5,000 in assets... X. Row 13: Enter the states to which the foundation reports... X. Row 14: If the answer is "Yes" to line 7... X. Row 15: Is the organization claiming status... X. Row 16: Did any persons become substantial contributors... X. Row 17: Did the organization comply with the public inspection requirements... X. Row 18: The books are in care of... Row 19: Located at... Row 20: Section 4947(a)(1) nonexempt charitable trusts... 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.

Table with columns for question numbers (1a, 1b, 1c, 2, 2a, 2b, 2c, 3a, 3b, 3c, 4a, 4b, 5a, 5b, 6a, 6b) and columns for Yes and No. Includes checkboxes for each question and shaded cells for Yes/No responses.

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 (see page 20 of the instructions):

(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
Robert S. Howard 2525 Pio Pico, Carlsbad CA	President Variable	0	0	0
Richard D. Newell 2525 Pio Pico, Carlsbad CA	Secretary-Treasurer Full-time	166,667	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 20 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
-NONE-		0	0	0

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

3 Five highest-paid independent contractors for professional services—(see page 20 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
UBS Global Asset Managers One North Wacker Drive, Chicago, IL 60606	Investment Management	331,151

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

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 Charitable Grant Program	2,689,640
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 21 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1	
2	
3 All other program-related investments See page 21 of the instructions	
Total. Add lines 1 through 3	0

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 21 of the 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		87,858,623
b Average of monthly cash balances		640,499
c Fair market value of all other assets (see page 22 of the instructions)		5,713,680
d Total (add lines 1a, b, and c)		94,212,802
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	8,614,320
2 Acquisition indebtedness applicable to line 1 assets		2
3 Subtract line 2 from line 1d		3 94,212,802
4 Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)		4 1,413,192
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4		5 92,799,610
6 Minimum investment return. Enter 5% of line 5		6 4,639,981

Part XI Distributable Amount (see page 23 of the 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 4,639,981
2 a Tax on investment income for 2003 from Part VI, line 5	2a	76,964
b Income tax for 2003 (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b		2c 76,964
3 Distributable amount before adjustments Subtract line 2c from line 1		3 4,563,017
4 a Recoveries of amounts treated as qualifying distributions	4a	
b Income distributions from section 4947(a)(2) trusts	4b	
c Add lines 4a and 4b		4c 0
5 Add lines 3 and 4c		5 4,563,017
6 Deduction from distributable amount (see page 23 of the instructions)		6
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1		7 4,563,017

Part XII Qualifying Distributions (see page 23 of the 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 2,734,026
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 2,734,026
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 (see page 24 of the instructions)		5 0
6 Adjusted qualifying distributions. Subtract line 5 from line 4		6 2,734,026

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 page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2002	(c) 2002	(d) 2003
1 Distributable amount for 2003 from Part XI, line 7				4,563,017
2 Undistributed income, if any, as of the end of 2002.				
a Enter amount for 2002 only				
b Total for prior years				
3 Excess distributions carryover, if any, to 2003.				
a From 1998				
b From 1999	8,983			
c From 2000	7,516			
d From 2001	3,506			
e From 2002	2,346,184			
f Total of lines 3a through e	2,366,189			
4 Qualifying distributions for 2003 from Part XII, line 4: ▶ \$ 2,734,026				
a Applied to 2002, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 24 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 24 of the instructions)				
d Applied to 2003 distributable amount				2,734,026
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2003 (If an amount appears in column (d), the same amount must be shown in column (a).)	1,828,991			1,828,991
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	537,198			
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				
d Subtract line 6c from line 6b. Taxable amount—see page 24 of the instructions		0		
e Undistributed income for 2002. Subtract line 4a from line 2a. Taxable amount—see page 24 of the instructions			0	
f Undistributed income for 2003. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2004				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)				
8 Excess distributions carryover from 1998 not applied on line 5 or line 7 (see page 25 of the instructions)				
9 Excess distributions carryover to 2004. Subtract lines 7 and 8 from line 6a	537,198			
10 Analysis of line 9				
a Excess from 1999				
b Excess from 2000				
c Excess from 2001				
d Excess from 2002	537,198			
e Excess from 2003				

Part XIV Private Operating Foundations (see page 25 of the instructions and Part VII-A, question 9)

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2003, enter the date of the ruling

b Check box to indicate whether the organization is a private operating foundation described in section

4942(j)(3) or 4942(j)(5)

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

Tax Year	Prior 3 years			(e) Total
	(a) 2003	(b) 2002	(c) 2001	
0				0
b 85% of line 2a	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed	0			0
d Amounts included in line 2c not used directly for active conduct of exempt activities				0
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	0	0	0	0
3 Complete 3a, b, or c for the alternative test relied upon				
a "Assets" alternative test—enter				
(1) Value of all assets				0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)				0
b "Endowment" alternative test— Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	0			0
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)				0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)				0
(3) Largest amount of support from an exempt organization				0
(4) Gross investment income				0

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see page 25 of the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2))

Robert S. Howard

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.

Robert S. Howard

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 page 25 of the 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:

Richard D. Newell c/o Howard Charitable Foundation, One Convention Place, Suite 1400, 701 Pike St, Seattle, WA 98101-3927

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

Appl. Forms supplied upon written request Applicant must be a qualified 501(c)(3) organization, appl must include IRS qualification

c Any submission deadlines

-None-

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

Health Care, Educational, Domestic Humanitarian Charities

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)				
a Paid during the year				
National Childrens Cancer Foundation		501(c)(3)	Unrestricted	25,000
Assistance League of North Coast		501(c)(3)	Unrestricted	2,000
Camp Pendleton Armed Services YMCA		501(c)(3)	Honor Campaign	505,000
Interfaith Service Community Services		501(c)(3)	Unrestricted	99,075
The Bishop's School		501(c)(3)	Unrestricted	300,000
San Diego Red Cross		501(c)(3)	Fire Relief	100,000
The Lakeside Pantry		501(c)(3)	Unrestricted	500
Glacier Performing Arts Center		501(c)(3)	Unrestricted	25,000
University of Montana School of Journalism		501(c)(3)	Journ School Bldg	1,000,000
San Diego Children's Hospital		501(c)(3)	Unrestricted	518,065
The Vista Foundation		501(c)(3)	Unrestricted	15,000
United Way Gem Society of Montana		501(c)(3)	Unrestricted	25,000
United Way of San Diego County		501(c)(3)	Unrestricted	25,000
The Salvation Army		501(c)(3)	Unrestricted	50,000
Total				2,689,640
b Approved for future payment				
Total				0

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

Table with 3 columns: Question, Yes, No. Rows include: 1 Did the organization directly or indirectly engage in any of the following... a Transfers from the reporting organization... b Other Transactions... c Sharing of facilities... d If the answer to any of the above is "Yes," complete the following schedule.

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements.

2 a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code... [] Yes [X] No

b If "Yes," complete the following schedule

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Sign Here

Richard D. Newell MA
Signature of officer or trustee

Paid Preparer's Use Only

Preparer's signature

Firm's name (or yours if self-employed), address, and ZIP code

Line 11 (990-PF) - Other income

1		1	
2		2	
3	Other portfolio income (net) from UBS Global Securities & Bond Relationship Funds, Forms K-1	3	1,310,050
4		4	
5		5	
6		6	
7		7	
8		8	
9		9	
10	Total other revenue	10	1,310,050

Line 16 (990-PF) - Legal, Accounting and Other Professional Fees

Legal fees			
1	Betts, Patterson & Mines—General matters	1	19,414
2		2	
3		3	
4		4	
5		5	
6	Total. Enter on line 16a, column a	6	19,414
Accounting fees			
1		1	
2		2	
3		3	
4		4	
5		5	
6	Total. Enter on line 16b, column a	6	0
Other professional fees			
1	Investment fees	1	313,310
2		2	
3		3	
4		4	
5		5	
6	Total. Enter on line 16c, column a	6	313,310

Line 18 (990-PF) - Taxes

1	Real estate tax not included in line 20	1	
2	Tax on investment income	2	2,290,647
3	Income tax	3	
4		4	
5		5	
6		6	
7		7	
8		8	
9		9	
10		10	
11	Total	11	2,290,647

Line 23 (990-PF) - Other expenses

1	Amortization See attached Depreciation/Amortization Statement	1	
2	Fund Raising	2	
3	Payroll taxes	3	11,425
4	Bank and custody fees	4	17,841
5	Postage	5	284
6		6	
7		7	
8		8	
9		9	
10		10	
11	Total other expenses	11	29,550

Line 10, Part II (990-PF) - Investments - securities

U S and state government obligations		Book value beginning of year	Book value end of year	Number of shares/ face value	Fair market value
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Total Enter on line 10a	0	0	0	0

Corporate stock		Book value beginning of year	Book value end of year	Number of shares/ face value	Fair market value
1	24,000 shrs, cl. A com Howard Energy Co	14,328,000	14,328,000		5,713,680
2	5,000 shrs Schering-Plough	253,750	253,750		91,250
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Total . Enter on line 10b	14,581,750	14,581,750	0	5,804,930

Corporate bonds		Book value beginning of year	Book value end of year	Number of shares/ face value	Fair market value
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18	Total . Enter on line 10c	0	0	0	0

Line 13, Part II (990-PF) - Investments - other

		Other investments	Accumulated depreciation	Fair market value
1	Beginning	1		
	Ending			
2	Beginning	2		
	Ending			
3	Beginning	3		
	Ending			
4	Beginning	4		
	Ending			
5	Beginning	5		
	Ending			
6	UBS Bond Relationship Fund	6		
	Beginning	53,985,471		
	Ending	51,532,448		51,532,448
7	UBS Global Securities Relationship Fund	7		
	Beginning	30,929,404		
	Ending	40,192,203		40,192,203
8	Beginning	8		
	Ending			
9	Beginning	9		
	Ending			
10	Beginning	10		
	Ending			
11	Total beginning of year amount	11	84,914,875	0
12	Total end of year amount	12	91,724,651	0
13	Total fair market value	13		91,724,651

HOWARD CHARITABLE FOUNDATION

FORM 990PF

FEIN: 91-1952040

STATEMENT ATTACHED

Page 7, Part X, Line 1e, Reduction claimed for blockage:

The Foundation received 24,000 shares of Class A non-voting common stock of Howard Energy Co., Inc. in exchange for 3,360 shares of Class A non-voting common stock of Howard Publications Inc. on March 29, 2002.

A valuation of the Howard Energy Co., Inc. shares was performed by Willamette Management Associates dated December 15, 2003. Such valuation determined the Class A non-voting shares to have a fair market value of \$238.07 per share.