

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

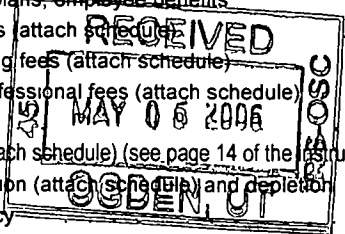
Note: The organization may be able to use a copy of this return to satisfy state reporting requirements

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 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) 2525 Pio Pico	Room/suite 202	B Telephone number (see page 10 of the instructions) 760-730-7342
	City or town, state, and ZIP code Carlsbad CA 92008		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) ▶ \$ 99,258,781		J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis)	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 (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(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 (attach schedule)				
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	62,861	62,861		
	4 Dividends and interest from securities	3,321,094	3,321,094		
	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 Gross sales price for all assets on line 6a _____ 0				
	7 Capital gain net income (from Part IV, line 2)		0		
	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)	5,747,850	5,747,850	0		
12 Total. Add lines 1 through 11	9,131,805	9,131,805	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	175,000	122,318		52,682
	14 Other employee salaries and wages	50,750	25,375		25,375
	15 Pension plans, employee benefits	600,200	380,100		220,100
	16 a Legal fees (attach schedule)	13,163	13,163		
	b Accounting fees (attach schedule)	0			
	c Other professional fees (attach schedule)	404,222	404,222		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	45,000	45,000		
	19 Depreciation (attach schedule) and depletion	0	0	0	
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	123,744	119,532	0	4,212
	24 Total operating and administrative expenses. Add lines 13 through 23	1,412,079	1,109,710	0	302,369
	25 Contributions, gifts, grants paid	11,296,000			11,296,000
26 Total expenses and disbursements. Add lines 24 and 25	12,708,079	1,109,710	0	11,598,369	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-3,576,274				
b Net investment income (if negative, enter -0-)		8,022,095			
c Adjusted net income (if negative, enter -0-)			0		



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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	210,480		
	2 Savings and temporary cash investments	225,713	1,488,834	1,488,834
	3 Accounts receivable ▶	0		
	Less: allowance for doubtful accounts ▶	0	0	0
	4 Pledges receivable ▶	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 (attach schedule) ▶	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 (attach schedule)	0	0	0
	b Investments—corporate stock (attach schedule)	253,750	253,750	98,750
	c Investments—corporate bonds (attach schedule)	0	0	0
	11 Investments—land, buildings, and equipment basis ▶	0		
Less: accumulated depreciation (attach schedule) ▶	0	0	0	
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	104,512,411	97,671,197	97,671,197	
14 Land, buildings, and equipment: basis ▶	0			
Less: accumulated depreciation (attach schedule) ▶	0	0	0	
15 Other assets (describe ▶)	0	0	0	
16 Total assets (to be completed by all filers—see page 16 of the instructions. Also, see page 1, item I)	105,202,354	99,413,781	99,258,781	
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 ▶ See attached statement)	8,187,412	5,975,113	
23 Total liabilities (add lines 17 through 22)	8,187,412	5,975,113		
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations that do not follow SFAS 117, check here ▶ <input checked="" 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	97,014,942	93,438,668		
30 Total net assets or fund balances (see page 17 of the instructions)	97,014,942	93,438,668		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	105,202,354	99,413,781		

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	97,014,942
2 Enter amount from Part I, line 27a	2	-3,576,274
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	93,438,668
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	93,438,668

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				
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	0	0	0	0
b	0	0	0	0
c	0	0	0	0
d	0	0	0	0
e	0	0	0	0
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any		
a	0	0	0	0
b	0	0	0	0
c	0	0	0	0
d	0	0	0	0
e	0	0	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		0
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 18 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))
2004	5,389,050	98,641,690	0.054633
2003	2,689,640	92,799,610	0.028983
2002	3,925,000	72,619,767	0.054049
2001	20,000	338,975	0.059001
2000	20,000	258,160	0.077471
2 Total of line 1, column (d)		2	0.274137
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	0.054827
4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5		4	99,759,943
5 Multiply line 4 by line 3		5	5,469,538
6 Enter 1% of net investment income (1% of Part I, line 27b)		6	80,221
7 Add lines 5 and 6		7	5,549,759
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 18		8	11,598,369

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 'Date of ruling letter _____ (attach copy of ruling letter if necessary—see instructions)			
b Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	80,221
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	80,221
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	80,221
6 Credits/Payments:			
a 2005 estimated tax payments and 2004 overpayment credited to 2005	6a	60,757	
b Exempt foreign organizations—tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	0	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	60,757
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached		8	0
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	19,464
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	0
11 Enter the amount of line 10 to be: Credited to 2006 estimated tax <input type="checkbox"/> 0 Refunded <input type="checkbox"/> 0		11	0

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.</i>		X
c Did the organization file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization <input type="checkbox"/> \$ _____ (2) On organization managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. <input type="checkbox"/> \$ _____		
2 Has the organization engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		X
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		X
4 a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the organization have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> WA <input type="checkbox"/> CA		
b If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If "No," attach explanation</i>	X	
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address <input type="checkbox"/>	X	
12 The books are in care of <input type="checkbox"/> Richard D. Newell Telephone no <input type="checkbox"/> 541-410-5332 Located at <input type="checkbox"/> 2525 Pico Pico, Ste 202, Carlsbad, CA ZIP+4 <input type="checkbox"/> 92008		
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 <input type="checkbox"/> 13 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
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? <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 type="checkbox"/> Yes <input checked="" 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 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.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 <input type="checkbox"/>	1b	N/A
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?	1c	
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years <input checked="" type="checkbox"/> 20____, <input type="checkbox"/> 20____, <input type="checkbox"/> 20____, <input type="checkbox"/> 20____		
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 page 20 of the instructions)	2b	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. <input checked="" type="checkbox"/> 20____, <input type="checkbox"/> 20____, <input type="checkbox"/> 20____, <input type="checkbox"/> 20____		
3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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.)	3b	X
4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
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?	4b	X
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))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	5b	
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered "Yes" to 6b, also file Form 8870	6b	X

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 21 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 # 202 Carlsbad CA 92008	President Variable	0	0	0
Richard D. Newell 2525 Pio Pico #202 Carlsbad CA 92008	Secretary-Treasure Full-time	175,000	400,100	0
.....
.....

2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 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-	-NONE-	-NONE-	-NONE-	-NONE-
.....
.....
.....
.....

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

3 Five highest-paid independent contractors for professional services—(see page 21 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 10877 Wilshire, Suite 1100 Los Angeles CA 90024	Investment Management	404,222
.....	0
.....	0
.....	0
.....	0

Total number of others receiving over \$50,000 for professional services ▶ 1

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	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 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	
All other program-related investments See page 22 of the instructions	
3	
Total. Add lines 1 through 3	0

Part X Minimum Investment Return (All domestic foundations must complete this part Foreign foundations, see page 22 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	1a	98,175,697
b Average of monthly cash balances	1b	3,103,433
c Fair market value of all other assets (see page 23 of the instructions)	1c	
d Total (add lines 1a, b, and c)	1d	101,279,130
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	101,279,130
4 Cash deemed held for charitable activities Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	1,519,187
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	99,759,943
6 Minimum investment return. Enter 5% of line 5	6	4,987,997

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	4,987,997
2a Tax on investment income for 2005 from Part VI, line 5	2a	80,221
b Income tax for 2005 (This does not include the tax from Part VI)	2b	
c Add lines 2a and 2b	2c	80,221
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	4,907,776
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	4,907,776
6 Deduction from distributable amount (see page 24 of the instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	4,907,776

Part XII Qualifying Distributions (see page 24 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	11,598,369
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	11,598,369
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	80,221
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	11,518,148

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 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				4,907,776
2 Undistributed income, if any, as of the end of 2004:				
a Enter amount for 2004 only			5	
b Total for prior years 20 01 ,20 02 ,20 03		0		
3 Excess distributions carryover, if any, to 2005				
a From 2000				
b From 2001				
c From 2002			537,198	
d From 2003				
e From 2004			594,908	
f Total of lines 3a through e	1,132,106			
4 Qualifying distributions for 2005 from Part XII, line 4 ▶\$ 11,598,369				
a Applied to 2004, but not more than line 2a			5	
b Applied to undistributed income of prior years (Election required—see page 25 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 25 of the instructions)				
d Applied to 2005 distributable amount				4,907,776
e Remaining amount distributed out of corpus	6,690,588			
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	7,822,694			
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 25 of the instructions		0		
e Undistributed income for 2004 Subtract line 4a from line 2a Taxable amount—see page 25 of the instructions			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) (see page 25 of the instructions)				
8 Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)	0			
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a	7,822,694			
10 Analysis of line 9				
a Excess from 2001				0
b Excess from 2002				537,198
c Excess from 2003				0
d Excess from 2004				594,908
e Excess from 2005				6,690,588

Part XIV Private Operating Foundations (see page 26 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 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				(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	0	0	0		0
b 85% of line 2a	0	0	0	0	0
c Qualifying distributions from Part XII, line 4 for each year listed	0	0	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	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	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 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).)
- 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

- 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 26 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 2525 Pio Pico, Suite 202 Carlsbad CA U S A 92008

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

Application forms supplied upon written request. Must be a 501(c)(3) qualified organization.

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 See attached statement				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total			▶ 3a	11,296,000
b Approved for future payment				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total			▶ 3b	0

Line 2 (990-W) - Tax Computation for Members of a Controlled Group

Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order)

	(1)	(2)	(3)	Current Member	Total Group
1 Enter taxable income (line 1, Form 990-W)				1 8,022,095	
2 Enter the smaller of line 1 or \$50,000 (members of a controlled group, see instructions)				2 50,000	0
3 Subtract line 2 from line 1				3 7,972,095	0
4 Enter the smaller of line 3 or \$25,000 (members of a controlled group, see instructions)				4 25,000	0
5 Subtract line 4 from line 3				5 7,947,095	0
6 Enter the smaller of line 5 or \$9,925,000 (members of a controlled group, see instructions)				6 7,947,095	0
7 Subtract line 6 from line 5				7 0	0
8 Enter 15% (15) of line 2				8 7,500	0
9 Enter 25% (25) of line 4				9 6,250	0
10 Enter 34% (34) of line 6				10 2,702,012	0
11 Enter 35% (35) of line 7				11 0	0
12 If line 1 is greater than \$100,000, enter the smaller of 5% (.05) of the excess over \$100,000 or \$11,750 members of a controlled group, see instructions)				12 0	0
13 If line 1 is greater than \$15 million, enter the smaller of 3% (.03) of the excess over \$15 million or \$100,000 members of a controlled group, see instructions)				13 0	0
14 Add lines 8 through 13 Enter current member amount here and on line 2, page 1, Form 990-W				14 2,715,762	0

Line 2 (990-W) - Tax Computation for 990-PF filers

1a Exempt operating foundations described in section 4940(d)(2), check here and enter "0" on line 1 Date of ruling letter.					
b Domestic organizations that meet the section 4940(e) requirements, check here <input checked="" type="checkbox"/> and enter 1% of Net investment income (Part I, line 27b Form 990-PF)					
c All other domestic organizations enter 2% of Net investment income (Part I, line 27b Form 990-PF) Exempt foreign organizations check here and enter 4% of Part I, line 12, col. (b), Form 990PF <input type="checkbox"/>					1 80,221
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only). Others enter -0-					2
3 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only). Others enter -0-					3
4 Total tax. Add lines 1 and 2 minus line 3					4 80,221

Line 11 (990-PF) - Other Income

	Revenue and expenses per books	Net Investment Income	Adjusted Net Income
1 UBS Global Securities Relationship Fund Form K-1	1 6,511,858	6,511,858	
2	2		
3 Other portfolio losses from UBS Forms K-1	3 -764,008	-764,008	
4	4		
5	5		
6	6		
7	7		
8	8		
9	9		
10 Total other revenue	10 5,747,850	5,747,850	0

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

Legal fees	
1 Gary Bergquist PLLC	13,163
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16 Total. Enter on line 16a, column a	13,163
Accounting fees	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16 Total. Enter on line 16b, column a	0
Other professional fees	
1 UBS Investment Fees	404,222
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16 Total. Enter on line 16c, column a	404,222

Line 18 (990-PF) - Taxes

1	Real estate tax not included in line 20	1	
2	Tax on investment income	2	45,000
3	Income tax	3	
4	.....	4	
5	.....	5	
6	.....	6	
7	.....	7	
8	.....	8	
9	.....	9	
10	.....	10	
11	Total	11	45,000

Line 23 (990-PF) - Other Expenses

123,744

119,532

0

4,212

	Revenue and expenses per books	Net investment income	Adjusted net income	Disbursements for charitable purposes
1	Amortization See attached statement			
2	Fund Raising			
3	Payroll taxes	12,510	8,298	4,212
4	Bank and custody fees	14,927	14,927	
5	Postage	308	308	
6	Fees and Misc Office	5,090	5,090	
7	Other portfolio expenses from UBS K-1	90,909	90,909	
8				
9				
10				

Line 10b, Part II (990-PF) - Investments - Corporate Stock

		253,750	253,750		102,500	98,750
		(a) Book value beg of year	(b) Book value end of year	Num shares/ face value	FMV beg of year	(c) FMV end of year
1						
2	5,000 shrs Schering-Plough	253,750	253,750		102,500	98,750
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						

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	28,913,004	-----	
	Ending		<u>16,424,222</u>	-----	16,424,222
7	UBS Global Securities Relationship Fund	7	75,599,407	-----	
	Ending		<u>81,246,975</u>	-----	81,246,975
8	Beginning	8	-----	-----	
	Ending		-----	-----	
9	Beginning	9	-----	-----	
	Ending		-----	-----	
10	Beginning	10	-----	-----	
	Ending		-----	-----	
11	Total beginning of year amount	11	104,512,411	0	
12	Total end of year amount	12	<u>97,671,197</u>	0	
13	Total fair market value	13			97,671,197

Line 22, Part II (990-PF) - Other Liabilities

8,187,412

5,975,113

		Beginning balance	Ending balance
1	Unrealized Gain UBS Funds	8,187,412	5,375,113
2	Non-Qualified Post retirement benefit liability		600,000
3			
4			
5			
6			
7			
8			
9			

Line 3a, Part XV (990-PF) - Grants and Contributions Paid During the Year

Recipient(s) paid during the year

Name
 Kidsport Person Business
 Street

City
 Kalispell State MT Zip code Country

Relationship Foundation Status
 501(c)(3)

Purpose of grant/contribution
 Athletic Fields/Facilities Amount 500,000

Name
 Flathead Education Foundation Person Business
 Street

City
 Kalispell State MT Zip code Country

Relationship Foundation Status
 501(c)(3)

Purpose of grant/contribution
 Scholarships/Education Amount 1,000,000

Name
 Glens Falls Hospital Foundation Person Business
 Street

City
 Glens Falls State NY Zip code Country

Relationship Foundation Status
 501(c)(3)

Purpose of grant/contribution
 Hospital Building Fund Amount 200,000

Name
 AmeriCares Person Business
 Street

City
 Stamford State CT Zip code Country

Relationship Foundation Status
 501(c)(3)

Purpose of grant/contribution
 Asian Tsunami Relief Amount 100,000

Name
 Injured Marine Semper Fi Fund Person Business
 Street

City
 Oceanside State CA Zip code Country

Relationship Foundation Status
 501(c)(3)

Purpose of grant/contribution
 Injured Marines Amount 500,000

Name
 Camp Pendleton Armed Services YMCA Person Business
 Street

City
 Oceanside State CA Zip code Country

Relationship Foundation Status
 501(c)(3)

Purpose of grant/contribution
 Honor Campaign Scholarships Amount 171,000

Name Medill School of Journalism				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street					
City Evanston		State IL	Zip code	Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Ethics in Journalism Enowed Professor					Amount 750,000

Name Moonlight Cultural Foundation				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street					
City Vista		State CA	Zip code	Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Youth Program					Amount 15,000

Name Interfaith Services				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street					
City Escondido		State CA	Zip code	Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Unrestricted					Amount 100,000

Name The Bishop's School				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street					
City La Jolla		State CA	Zip code	Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Scholarships/Faculty Enrichment					Amount 100,000

Name Vista Community Clinic				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street					
City Vista		State CA	Zip code	Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Kare for Kids Project					Amount 5,000

Name Scripps Foundation				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street					
City La Jolla		State CA	Zip code	Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Cardiac Care Facility					Amount 5,000,000

Name Scripps Foundation				<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
----------------------------	--	--	--	---------------------------------	--

Street

City La Jolla	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Eye Clinic			Amount 125,000

Name

Alzheimer's Association	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street		

City Chicago	State IL	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted			Amount 100,000

Name

Criminal Justice Legal Foundation	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street		

City Sacramento	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted			Amount 100,000

Name

Southern Idaho Learning Center	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street		

City Twin Falls	State ID	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Low Income Students Scholarship Funds			Amount 100,000

Name

Red Cross of Baton Rouge	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street		

City Baton Rouge	State LA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Hurricane Relief			Amount 500,000

Name

Boys and Girls Club of San Deiquito	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street		

City Solana Beach	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Facility Expansion Project			Amount 1,000,000

Name

Challenged Athletes Foundation	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Street		

City Del Mar	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		30,000
Name United Way of San Diego <input type="checkbox"/> Person <input checked="" type="checkbox"/> Business			
Street			
City San Diego	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		50,000
Name Flathead Lake Association <input type="checkbox"/> Person <input checked="" type="checkbox"/> Business			
Street			
City Lakeside	State MT	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		100,000
Name Community Resource Center <input type="checkbox"/> Person <input checked="" type="checkbox"/> Business			
Street			
City Encinitas	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		50,000
Name Brother Beno Foundation <input type="checkbox"/> Person <input checked="" type="checkbox"/> Business			
Street			
City Oceanside	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		100,000
Name Salvation Army <input type="checkbox"/> Person <input checked="" type="checkbox"/> Business			
Street			
City San Diego	State CA	Zip code	Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		50,000
Name United Way GEM Society <input type="checkbox"/> Person <input checked="" type="checkbox"/> Business			
Street			
City Kalispell	State MT	Zip code	Country

Relationship	Foundation Status	
	501(c)(3)	
Purpose of grant/contribution		Amount
Unrestricted		50,000

Name	<input type="checkbox"/> Person	<input checked="" type="checkbox"/> Business
Oceanside Museum of Art		
Street		

City	State	Zip code	Country
Oceanside	CA		

Relationship	Foundation Status	
	501(c)(3)	
Purpose of grant/contribution		Amount
New Building Capital Drive to be matched by the City of Oceanside		500,000