

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

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>Howard Charitable Foundation</b>		A Employer identification number <b>91-1952040</b>
	Number and street (or P O box number if mail is not delivered to street address) <b>2525 Pio Pico</b>	Room/suite <b>202</b>	B Telephone number (see page 11 of the instructions) <b>760-730-7342</b>
	City or town, state, and ZIP code <b>Carlsbad CA 92008</b>		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> 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"/>
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			
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ <b>98,403,529</b>		J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	

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	11,011	11,011		
	4 Dividends and interest from securities	3,153,894	3,153,894		
	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)	5,259,100	5,259,100	0		
12 Total. Add lines 1 through 11	8,424,005	8,424,005	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	180,396	125,396		55,000
	14 Other employee salaries and wages	54,000	27,000		27,000
	15 Pension plans, employee benefits	150,200	90,200		60,000
	16 a Legal fees (attach schedule)	485	485	0	0
	b Accounting fees (attach schedule)	4,526	4,526	0	0
	c Other professional fees (attach schedule)	385,560	385,560	0	0
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	101,482	0	0	0
	19 Depreciation (attach schedule) (see page 14 of the instructions)	0	0	0	0
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	166,428	166,428	0	0
	24 Total operating and administrative expenses. Add lines 13 through 23	1,043,077	799,595	0	142,000
	25 Contributions, gifts, grants paid	12,337,000			12,337,000
26 Total expenses and disbursements. Add lines 24 and 25	13,380,077	799,595	0	12,479,000	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-4,956,072				
b Net investment income (if negative, enter -0-)		7,624,410			
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			
	2 Savings and temporary cash investments	1,488,834	558,741	558,741
	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 16 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	118,200
	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)	97,671,197	97,726,588	97,726,588	
14 Land, buildings, and equipment basis ▶	0			
Less accumulated depreciation (attach schedule) ▶	0	0	0	
15 Other assets (describe ▶)	0	0	0	
16 <b>Total assets</b> (to be completed by all filers—see page 17 of the instructions Also, see page 1, item I)	99,413,781	98,539,079	98,403,529	
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)	5,975,113	10,056,483	
23 <b>Total liabilities</b> (add lines 17 through 22)	5,975,113	10,056,483		
Net Assets or Fund Balances	<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				
28 Paid-in or capital surplus, or land, bldg, and equipment fund				
29 Retained earnings, accumulated income, endowment, or other funds	93,438,668	88,482,596		
30 <b>Total net assets or fund balances</b> (see page 18 of the instructions)	93,438,668	88,482,596		
31 <b>Total liabilities and net assets/fund balances</b> (see page 18 of the instructions)	99,413,781	98,539,079		

**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	93,438,668
2 Enter amount from Part I, line 27a	2	-4,956,072
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	88,482,596
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	88,482,596

**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				(i) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))	
(l) 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 18 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 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 page 19 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))
2005	11,296,000	99,759,943	0.113232
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
2 Total of line 1, column (d)			2 0.309898
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 0.061980
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5			4 96,376,354
5 Multiply line 4 by line 3			5 5,973,406
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 76,244
7 Add lines 5 and 6			7 6,049,650
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 19.			8 12,479,000

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 19 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 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	76,244	
	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	76,244	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-	5	76,244	
6	Credits/Payments.			
	a 2006 estimated tax payments and 2005 overpayment credited to 2006	6a	82,000	
	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	82,000	
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	0	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	5,756	
11	Enter the amount of line 10 to be. Credited to 2007 estimated tax <input type="checkbox"/> 5,756 Refunded <input type="checkbox"/>	11	0	

**Part VII-A Statements Regarding Activities**

		Yes	No
1	a During the tax year, did the foundation 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 20 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 foundation in connection with the activities</i>		X
	c Did the foundation 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 foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
	e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2	Has the foundation 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 foundation 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 foundation 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?	4b	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>	5	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?	6	X
7	Did the foundation 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>	7	X
8	a Enter the states to which the foundation reports or with which it is registered (see page 20 of the instructions) <input type="checkbox"/> WA <input type="checkbox"/> CA		
	b If the answer is "Yes" to line 7, has the foundation 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>	8b	X
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (see instructions for Part XIV on page 28)? <i>If "Yes," complete Part XIV</i>	9	X
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	10	X

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

<p><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)</p>	<b>11a</b>		X
<p><b>b</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?</p>	<b>11b</b>		
<p><b>12</b> Did the foundation acquire a direct or indirect interest in any applicable insurance contract?</p>	<b>12</b>		X
<p><b>13</b> Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶</p>	<b>13</b>	X	
<p><b>14</b> The books are in care of ▶ <u>Richard D. Newell</u> Telephone no ▶ <u>760-586-4044</u> Located at ▶ <u>2525 Pio Pico, Suite 202 Carlsbad CA</u> ZIP+4 ▶ <u>98101-3927</u></p>			
<p><b>15</b> 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 ▶ <b>15</b>   N/A</p>			

**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
<p><b>1a</b> During the year did the foundation (either directly or indirectly)</p> <p>(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(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</p> <p>(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(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</p> <p>(6) Agree to pay money or property to a government official? (<b>Exception.</b> 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</p>				
<p><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"/></p>	<b>1b</b>	N/A		
<p><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?</p>	<b>1c</b>			X
<p><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))</p>				
<p><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 ▶ 20____, 20____, 20____, 20____</p>				
<p><b>b</b> Are there any years listed in 2a for which the foundation is <b>not</b> 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 22 of the instructions )</p>	<b>2b</b>	N/A		
<p><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 ▶ 20____, 20____, 20____, 20____</p>				
<p><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</p>				
<p><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 )</p>	<b>3b</b>	N/A		
<p><b>4a</b> Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?</p>	<b>4a</b>			X
<p><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?</p>	<b>4b</b>			X

**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)? (see instructions)  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 page 23 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here  **5b** N/A

**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)

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

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? *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 **7b**

**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

**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 23 of the instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -)	(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-Treasurer Full-time	180,396	100,100	0
		00		
		00		

**2 Compensation of five highest-paid employees (other than those included on line 1—see page 24 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
Jeanie Northern 2525 Pio Pico, Suite 202 Carlsbad CA 92008	Administration 40 00	54,000	50,100	0
		.00		
		.00		
		.00		
		00		

Total number of other employees paid over \$50,000 ▶ 1

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

**3** Five highest-paid independent contractors for professional services (see page 24 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	385,560
		0
		0
		0
		0
<b>Total number of others receiving over \$50,000 for professional services</b>		<b>1</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

<b>1</b> Charitable Grant Program	
<b>2</b>	
<b>3</b>	
<b>4</b>	

**Part IX-B Summary of Program-Related Investments** (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Amount

<b>1</b>	
<b>2</b>	
<b>3</b> All other program-related investments See page 25 of the instructions	
<b>Total.</b> Add lines 1 through 3	<b>0</b>

**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see page 25 of the instructions.)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
<b>a</b>	Average monthly fair market value of securities	<b>1a</b>	93,422,758
<b>b</b>	Average of monthly cash balances	<b>1b</b>	4,421,256
<b>c</b>	Fair market value of all other assets (see page 25 of the instructions)	<b>1c</b>	
<b>d</b>	<b>Total</b> (add lines 1a, b, and c)	<b>1d</b>	97,844,014
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	<b>1e</b>	
<b>2</b>	Acquisition indebtedness applicable to line 1 assets	<b>2</b>	
<b>3</b>	Subtract line 2 from line 1d	<b>3</b>	97,844,014
<b>4</b>	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 26 of the instructions)	<b>4</b>	1,467,660
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	<b>5</b>	96,376,354
<b>6</b>	<b>Minimum investment return.</b> Enter 5% of line 5	<b>6</b>	4,818,818

**Part XI Distributable Amount** (see page 26 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.)

<b>1</b>	Minimum investment return from Part X, line 6	<b>1</b>	4,818,818
<b>2a</b>	Tax on investment income for 2006 from Part VI, line 5	<b>2a</b>	76,244
<b>b</b>	Income tax for 2006 (This does not include the tax from Part VI.)	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b	<b>2c</b>	76,244
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1	<b>3</b>	4,742,574
<b>4</b>	Recoveries of amounts treated as qualifying distributions	<b>4</b>	
<b>5</b>	Add lines 3 and 4	<b>5</b>	4,742,574
<b>6</b>	Deduction from distributable amount (see page 26 of the instructions)	<b>6</b>	
<b>7</b>	<b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	<b>7</b>	4,742,574

**Part XII Qualifying Distributions** (see page 26 of the instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes		
<b>a</b>	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	<b>1a</b>	12,479,000
<b>b</b>	Program-related investments—total from Part IX-B	<b>1b</b>	0
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the		
<b>a</b>	Suitability test (prior IRS approval required)	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule)	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	<b>4</b>	12,479,000
<b>5</b>	Foundations 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 27 of the instructions)	<b>5</b>	76,244
<b>6</b>	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	<b>6</b>	12,402,756

**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 27 of the instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				4,742,574
2 Undistributed income, if any, as of the end of 2005:				
a Enter amount for 2005 only			0	
b Total for prior years 20 <u>02</u> , 20 <u>03</u> , 20 <u>04</u>		0		
3 Excess distributions carryover, if any, to 2006:				
a From 2001	0			
b From 2002	537,198			
c From 2003	0			
d From 2004	594,908			
e From 2005	6,690,588			
f Total of lines 3a through e	7,822,694			
4 Qualifying distributions for 2006 from Part XII, line 4 ▶ \$ <u>12,479,000</u>				
a Applied to 2005, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 27 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 27 of the instructions)				
d Applied to 2006 distributable amount				4,742,574
e Remaining amount distributed out of corpus	7,736,426			
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	15,559,120			
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 27 of the instructions		0		
e Undistributed income for 2005 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions			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) (see page 28 of the instructions)				
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 28 of the instructions)	0			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	15,559,120			
10 Analysis of line 9				
a Excess from 2002	537,198			
b Excess from 2003	0			
c Excess from 2004	594,908			
d Excess from 2005	6,690,588			
e Excess from 2006	7,736,426			

**Part XIV Private Operating Foundations** (see page 28 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 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)

**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				(e) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
	0	0	0	0	0
<b>b</b> 85% of line 2a	0	0	0	0	0
<b>c</b> Qualifying distributions from Part XII, line 4 for each year listed	0	0	0	0	0
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities					0
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	0	0	0	0	0
<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					0
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i)					0
<b>b</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	0
<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)					0
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
<b>(3)</b> Largest amount of support from an exempt organization					0
<b>(4)</b> 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 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) )

**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 foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc (see page 28 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 92008

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

Application form supplied upon written request Applicant must be a qualified 501(c)(3) 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







**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 7,624,410	
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 7,574,410	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 7,549,410	0
6 Enter the smaller of line 5 or \$9,925,000 (members of a controlled group, see instructions)	6 7,549,410	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 2,566,799	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 2,580,549	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  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

1	76,244
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 76,244

**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 4,670,604	4,670,604	
2	2		
3 Other portfolio income from UBS Forms K-1	3 588,496	588,496	
4	4		
5	5		
6	6		
7	7		
8	8		
9	9		
10 Total other revenue	10 5,259,100	5,259,100	0

**Line 16 (990-PF) - Legal Fees**

	485	485	0	0
	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>1</b>	485	485		
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				

**Line 16 (990-PF) - Accounting Fees**

	4,526	4,526	0	0
	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>1</b>	4,526	4,526		
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				



**Line 16 (990-PF) - Other Fees**

	385,560	385,560	0	0
	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>1</b>	385,560	385,560		
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>6</b>				
<b>7</b>				
<b>8</b>				
<b>9</b>				
<b>10</b>				

**Line 23 (990-PF) - Other Expenses**

166,428

166,428

0

0

		Revenue and expenses per books	Net investment income	Adjusted net income	Disbursements for charitable purposes
<b>1</b>	Amortization See attached statement	0	0	0	0
<b>2</b>	Fund Raising				
<b>3</b>	Payroll taxes	13,175	13,175		
<b>4</b>	Bank and custody fees	18,958	18,958		
<b>5</b>	Postage	76	76		
<b>6</b>	Fees and Misc Office	613	613		
<b>7</b>	Other portfolio expenses from UBS K-1	133,606	133,606		
<b>8</b>					
<b>9</b>					
<b>10</b>					

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

		253,750	253,750		98,750	118,200
		(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		98,750	118,200
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	Check if listed at Cost (otherwise, FMV)
1	Beginning	1			
	Ending				<input type="checkbox"/>
2	Beginning	2			
	Ending				<input type="checkbox"/>
3	Beginning	3			
	Ending				<input type="checkbox"/>
4	Beginning	4			
	Ending				<input type="checkbox"/>
5	Beginning	5			
	Ending				<input type="checkbox"/>
6	Beginning	6	16,424,222		
	Ending		10,945,501	10,945,501	<input type="checkbox"/>
7	Beginning	7	81,246,975		
	Ending		86,781,087	86,781,087	<input type="checkbox"/>
8	Beginning	8			
	Ending				<input type="checkbox"/>
9	Beginning	9			
	Ending				<input type="checkbox"/>
10	Beginning	10			
	Ending				<input type="checkbox"/>
11	Total beginning of year amount	11	97,671,197	0	
12	Total end of year amount	12	97,726,588	0	
13	Total fair market value	13		97,726,588	

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

5,975,113

10,056,483

		Beginning balance	Ending balance
1	Unrealized Gain UBS Funds	5,375,113	9,306,483
2	Non-Qualified Post retirement benefit liability	600,000	750,000
3			
4			
5			
6			
7			
8			
9			

**Line 23a (990-PF) - Amortization**

0 0 0 0

		Revenue and expenses per books	Net investment income	Adjusted net income	Disbursements for charitable purposes
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

**Line 3a, Part XV (990-PF) - Grants and Contributions Paid During the Year****Recipient(s) paid during the year**

Name\*

Friends of San Pasqual Academy

 Person Business

Street

P O Box 8202

City

Rancho Santa Fe

State

CA

Zip code

92067

Foreign Country

Relationship

Foundation Status

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

100,000

Name

Ayn Rand Institute

 Person Business

Street

2120 Alton Parkway

City

Irvine

State

CA

Zip code

92606

Foreign Country

Relationship

Foundation Status

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

100,000

Name

Camp Pendleton Armed Services YMCA, Honor Campaign

 Person Business

Street

Box 555028 Building 16144

City

Camp Pendleton

State

CA

Zip code

92055-5028

Foreign Country

Relationship

Foundation Status

501(c)(3)

Purpose of grant/contribution

Honor Campaign for minor dependents of Marines Killed in Iraq

Amount

122,000

Name

Salute America's Heros

 Person Business

Street

P O Box 96002

City

Washington

State

DC

Zip code

20090-6002

Foreign Country

Relationship

Foundation Status

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

50,000

Name

North County Solutions for Change

 Person Business

Street

722 West California Avenue

City

Vista

State

CA

Zip code

92083

Foreign Country

Relationship

Foundation Status

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

50,000

Name

St Claire's Home Incorporated

 Person Business

Street

243 S Escondido Blvd, # 120

City

Escondido

State

CA

Zip code

92025-4116

Foreign Country

Relationship

Foundation Status

501(c)(3)

Purpose of grant/contribution

Unrestricted

Amount

25,000

Name Interfaith Community Services				<input type="checkbox"/> Person	<input type="checkbox"/> Business
Street 550-B West Washington					
City Escondido		State CA	Zip code 92025	Foreign Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Unrestricted					Amount 100,000

Name Casa de Amparo				<input type="checkbox"/> Person	<input type="checkbox"/> Business
Street 3355 Mission Ave , Suite 238					
City Oceanside		State CA	Zip code 92054	Foreign Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Unrestricted					Amount 50,000

Name Moonlight Cultural Foundation				<input type="checkbox"/> Person	<input type="checkbox"/> Business
Street P O Box 1988					
City Vista		State CA	Zip code 92085-1988	Foreign Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Unrestricted					Amount 15,000

Name The Bishop's School				<input type="checkbox"/> Person	<input type="checkbox"/> Business
Street 7607 La Jolla Blvd					
City La Jolla		State CA	Zip code 92037-4799	Foreign Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Restricted Scholarship Support					Amount 25,000

Name Women's Resource Center				<input type="checkbox"/> Person	<input type="checkbox"/> Business
Street 1963 Apple Street					
City Oceanside		State CA	Zip code 92054	Foreign Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Unrestricted					Amount 20,000

Name Presidential Classroom				<input type="checkbox"/> Person	<input type="checkbox"/> Business
Street 119 Oronoco Street					
City Alexandria		State VA	Zip code 22314-2015	Foreign Country	
Relationship		Foundation Status 501(c)(3)			
Purpose of grant/contribution Retricted to Scholarship Support for Wyoming Students					Amount 100,000

Name The Heritage Foundation				<input type="checkbox"/> Person	<input type="checkbox"/> Business
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Street 214 Massachusetts Ave N.E			
City Washington	State DC	Zip code 22077-7315	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted			Amount 5,000,000
Name Hoover Institution <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street HHMB 308, 434Galvez Mall			
City Stanford	State CA	Zip code 94305	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted			Amount 5,000,000
Name Vista Community Clinic <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street 1000 Vale Terrace			
City Vista	State CA	Zip code 92054	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Restricted to the Clinic Expansion Project			Amount 30,000
Name Lower Columbia College Foundation <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street P O Box 3010, 1600 Maple Street			
City Longview	State WA	Zip code 98632	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Restricted to the Health Services Dept Equipment Purchase			Amount 250,000
Name United Way Gem Society <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street P O Box 7217			
City Kalispell	State MT	Zip code 59904	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted			Amount 50,000
Name United Way Of San Diego <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street 4699 Murphy Canyon Road			
City San Diego	State CA	Zip code 92123	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted			Amount 50,000
Name The Salvation Army <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street 2320 Fifth Avenue			

City San Diego	State CA	Zip code 92101	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		50,000
Name Brother Beno Foundation, Inc <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street P O Box 308			
City Oceanside	State CA	Zip code 92049	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		50,000
Name Grand Traverse Bay YMCA <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street 3000 Raquet Club Drive			
City Traverse City	State MI	Zip code 49684	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution New Facility Project	Amount		1,000,000
Name California P E O Home <input type="checkbox"/> Person <input type="checkbox"/> Business			
Street 700 North Stoneman Avenue			
City Alhambra	State CA	Zip code 91801	Foreign Country
Relationship	Foundation Status 501(c)(3)		
Purpose of grant/contribution Unrestricted	Amount		100,000