See a Social Security Number? Say Something!
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SECOND AMENDED RETURN

Form 990-T
Department of the Treasury
Internal Revenue Service (17)

Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))

For calendar year 2007 or other tax year beginning _______ 2007, and ending _______ 2007

[ ] Check box if name changed

Name of organization ( [ ] Check box if name changed and see instructions)

THE BRAINERD FOUNDATION

Print or Type

Number, street, and room or suite no. If a P.O. box, see page 9 of instructions

1601 SECOND AVE, SUITE 610

City or town, state, and ZIP code

SEATTLE, WA 98101-1541

Employer identification number (Employees' trust, see Instructions for Block D on page 9)

91-1675591

Unrelated business activity codes (See Instructions for Block E on page 9)

E 900003

Group exemption number (See instructions for Block F on page 9)

Group exemption number

F 45,533,512.

Check organization type [ ] X 501(c) corporation 501(c) trust 401(a) trust Other trust

G

Describe the organization's primary unrelated business activity. [ ] PASSIVE INCOME

H

If "Yes," enter the name and identifying number of the parent corporation

I

The books are in care of [ ] CRYSTAL ANDERSON

Telephone number [ ] 206-448-0676

J

Part I Unrelated Trade or Business Income

(A) Income

(B) Expenses

(C) Net

1 a Gross receipts or sales

b Less returns and allowances c Balance

2 Cost of goods sold (Schedule A, line 7)

3 Gross profit. Subtract line 2 from line 1c

4 a Capital gain net income (attach Schedule D)

b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)

c Capital loss deduction for trusts

5 Income (loss) from partnerships and S corporations (attach statement)

6 Rent income (Schedule C)

7 Unrelated debt-financed income (Schedule E)

8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)

9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)

10 Exploited exempt activity income (Schedule I)

11 Advertising income (Schedule J)

12 Other income (See page 11 of the instructions, attach schedule)

13 Total. Combine lines 3 through 12

26,237.

14 Compensation of officers, directors, and trustees (Schedule K)

15 Salaries and wages

16 Repairs and maintenance

17 Bad debts

18 Interest (attach schedule)

19 Taxes and licenses

20 Chantable contributions (See page 14 of the instructions for limitations on deductions)

21 Depreciation (attach Form 4562)

22 Less depreciation claimed on Schedule A and elsewhere on return

23 Depletion

24 Contributions to deferred compensation plans

25 Employee benefit programs

26 Excess exempt expenses (Schedule I)

27 Excess readership costs (Schedule J)

28 Other deductions (attach schedule)

Total deductions. Add lines 14 through 28

29

Unrelated business taxable income before net operating loss deduction Subtract line 29 from line 13

30 Net operating loss deduction (limited to the amount on line 30)

31 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30

32 Specific deduction (Generally $1,000, but see line 33 instructions for exceptions)

33 Unrelated business taxable income. Subtract line 33 from line 32 If line 33 is greater than line

34 32, enter the smaller of zero or line 32

4,283.

17,694.

8,543.

1,187.

7,356.

1,000.

6,356.
Foreign tax credit as originally filed $ 1,258

Foreign tax credit as amended 953

Foreign tax credit carryforward to 2009 305
The Brainerd Foundation
91-1675591
Tax Year 2007
Attachment to Second Amended Form 990-T, Exempt Organization Business Income Return

Capital loss carryback from 2008 $ 123,274
Capital loss carryback to 2007 113,153

Capital loss carryforward to 2009 10,121
The Brainerd Foundation 91-1675591
Tax Year 2007
Attachment to Second Amended Form 990-T, Exempt Organization Business Income Return

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Loss Carryback from 2008</td>
<td>$(32,957)</td>
</tr>
<tr>
<td>Net Operating Loss Carryback to 2006</td>
<td>$(31,770)</td>
</tr>
<tr>
<td><strong>2006 - Form 990-T Part II Line 31</strong></td>
<td><strong>$(31,770)</strong></td>
</tr>
<tr>
<td>Net Operating Loss Carryback to 2007</td>
<td>$(1,187)</td>
</tr>
<tr>
<td><strong>2007 - Form 990-T Part II Line 31</strong></td>
<td><strong>$(1,187)</strong></td>
</tr>
</tbody>
</table>
### Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

<table>
<thead>
<tr>
<th>Description of income</th>
<th>Amount of income</th>
<th>Deductions directly connected (attach schedule)</th>
<th>Set-asides (attach schedule)</th>
<th>Total deductions and set-asides (col 3 plus col 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
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<td></td>
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<tr>
<td>(2)</td>
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<tr>
<td>(3)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(4)</td>
<td></td>
<td>Enter here and on page 1, Part I, line 9, column (A)</td>
<td>Enter here on page 1, Part I, line 9, column (B)</td>
<td></td>
</tr>
</tbody>
</table>

### Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

<table>
<thead>
<tr>
<th>Description of exploited activity</th>
<th>2 Gross unrelated business income from trade or business</th>
<th>3 Expenses directly connected with production of unrelated business income</th>
<th>4 Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols 5 through 7</th>
<th>6 Gross income from activity that is not unrelated business income</th>
<th>8 Expenses attributable to column 5</th>
<th>7 Excess exempt expenses (column 6 minus column 5, but not more than column 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
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<td>(2)</td>
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<td>(4)</td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Enter here and on page 1, Part I, line 10, col. (A).</td>
<td>Enter here and on page 1, Part I, line 10, col. (B).</td>
<td>Enter here and on page 1, Part I, line 26</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Schedule J - Advertising Income

#### Part I - Income From Periodicals Reported on a Consolidated Basis

<table>
<thead>
<tr>
<th>Name of periodical</th>
<th>2 Gross advertising income</th>
<th>3 Direct advertising costs</th>
<th>4 Advertising gain or (loss) (col 2 minus col 3) if a gain, compute cols 5 through 7</th>
<th>5 Circulation income</th>
<th>6 Readership costs</th>
<th>7 Excess readership costs (column 6 minus column 5, but not more than column 4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>(2)</td>
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<td>(3)</td>
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<tr>
<td>(4)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Totals (carry to Part II, line (5))</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Part II - Income From Periodicals Reported on a Separate Basis

For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.

| (1) |                            |                              |                                                                                        |                      |                   |                                                                             |
| (2) |                            |                              |                                                                                        |                      |                   |                                                                             |
| (3) |                            |                              |                                                                                        |                      |                   |                                                                             |
| (4) |                            |                              |                                                                                        |                      |                   |                                                                             |
| (5) Totals from Part I |                                |                              |                                                                                        |                      |                   |                                                                             |

### Schedule K - Compensation of Officers, Directors, and Trustees

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Percent of time devoted to business</th>
<th>Compensation attributable to unrelated business</th>
</tr>
</thead>
<tbody>
<tr>
<td>STMT 4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total. Enter here and on page 1, Part II, line 14

Form 990-T (2007)
### Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

<table>
<thead>
<tr>
<th>(a) Description of property (Example: 100 shares of Z Co)</th>
<th>(b) Date acquired (mo., day, yr.)</th>
<th>(c) Date sold (mo., day, yr.)</th>
<th>(d) Sales price (see instructions)</th>
<th>(e) Cost or other basis (see instructions)</th>
<th>(f) Gain or (loss) (Subtract (e) from (d))</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SEE STATEMENT 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2 Short-term capital gain from installment sales from Form 6252, line 26 or 37

3 Short-term gain or (loss) from like-kind exchanges from Form 8824

4 Unused capital loss carryover (attach computation)

5 Net short-term capital gain or (loss) Combine lines 1 through 4

### Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

| | | | | | 78,637. |

7 Enter gain from Form 4797, line 7 or 9

8 Long-term capital gain from installment sales from Form 6252, line 26 or 37

9 Long-term gain or (loss) from like-kind exchanges from Form 8824

10 Capital gain distributions (see instructions)

11 Net long-term capital gain or (loss). Combine lines 6 through 10

### Part III Summary of Parts I and II

| | | | | | 12 |

12 Enter excess of net short-term capital gain (line 5) over net long-term capital loss (line 11)

13 Net capital gain. Enter excess of net long-term capital gain (line 11) over net short-term capital loss (line 5)

14 Add lines 12 and 13 Enter here and on Form 1120, page 1, line 8, or the proper line on other returns

**Note. If losses exceed gains, see Capital losses in the instructions**

For Paperwork Reduction Act Notice, see the Instructions for Form 1120.
<table>
<thead>
<tr>
<th>Description</th>
<th>Date Acquired</th>
<th>Date Sold</th>
<th>Gross Sales Price</th>
<th>Cost or Other Basis</th>
<th>Short-term Gain/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLOW THROUGH FROM PARTNERSHIPS</td>
<td>VAR</td>
<td>VAR</td>
<td></td>
<td></td>
<td>34,516</td>
</tr>
<tr>
<td>CAPITAL LOSS CARRYBACK FROM 2008</td>
<td>VAR</td>
<td>VAR</td>
<td></td>
<td></td>
<td>-123,274</td>
</tr>
</tbody>
</table>

**Totals**                                       |               |           |                   |                     | -88,758              |
The Brainard Foundation 91-1675591  
Tax Year 2007  
Attachment to Second Amended Form 990-T, Exempt Organization Business Income Return

<table>
<thead>
<tr>
<th>Line Item</th>
<th>As originally filed</th>
<th>As first amended</th>
<th>As second amended</th>
<th>Change</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Form 990-T Part II</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 31 - Net Operating Loss Deduction</td>
<td>-</td>
<td>-</td>
<td>1,187</td>
<td>1,187</td>
<td>NOL carryback from 2008</td>
</tr>
<tr>
<td>Line 34 - Unrelated Business Taxable Income</td>
<td>134,107</td>
<td>120,696</td>
<td>6,356</td>
<td>(114,340)</td>
<td>Decrease due to net operating loss deduction and capital loss carryback</td>
</tr>
<tr>
<td>Form 990-T Part II</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 35c &amp; 39 - Income Tax</td>
<td>35,552</td>
<td>30,321</td>
<td>953</td>
<td>(29,368)</td>
<td>Decrease in tax due to above explanation</td>
</tr>
<tr>
<td>Form 990-T Part IV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line 40a - Foreign tax credit</td>
<td>1,258</td>
<td>1,258</td>
<td>953</td>
<td>(305)</td>
<td>Decrease in credit due to limitation of tax</td>
</tr>
<tr>
<td>Line 43 - Total Tax</td>
<td>34,294</td>
<td>29,063</td>
<td>-</td>
<td>(29,063)</td>
<td>Decrease in tax due to above explanation</td>
</tr>
<tr>
<td>Line 44g - Other payments</td>
<td>0</td>
<td>25,210</td>
<td>19,979</td>
<td>(5,231)</td>
<td>Payment made with filing of return and reduced by refund received from first amended return</td>
</tr>
<tr>
<td>Line 48 - Overpayment</td>
<td>-</td>
<td>5,231</td>
<td>29,063</td>
<td>29,063</td>
<td>Overpayment due to decrease in tax liability</td>
</tr>
<tr>
<td>Line 49 - Amount refunded</td>
<td>-</td>
<td>5,231</td>
<td>29,063</td>
<td>29,063</td>
<td>Same as above</td>
</tr>
</tbody>
</table>

Statement A
<table>
<thead>
<tr>
<th>Description</th>
<th>Date Acquired</th>
<th>Date Sold</th>
<th>Gross Sales Price</th>
<th>Cost or Other Basis</th>
<th>Long-term Gain/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLOW THROUGH FROM PARTNERSHIPS</td>
<td>VAR</td>
<td>VAR</td>
<td></td>
<td></td>
<td>78,637</td>
</tr>
</tbody>
</table>

**Totals**

78,637
**SECOND AMENDED RETURN**

Form 990-T (2007) 91-1675591 Page 3

**Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)**
(see instructions on page 20)

1. **Description of property**
   - 1.
   - 2.
   - 3.
   - 4.

2. **Rent received or accrued**
   - (a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)
   - (b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)

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</table>

   3. **Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)**

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</table>

   **Total**

   **Total income** Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A).

**Schedule E - Unrelated Debt-Financed Income**
(see instructions on page 20)

1. **Description of debt-financed property**
   - 1.
   - 2.
   - 3.
   - 4.

2. **Gross income from or allocable to debt-financed property**

3. **Deductions directly connected with or allocable to debt-financed property**
   - (a) Straight line depreciation (attach schedule)
   - (b) Other deductions (attach schedule)

<p>| | | |</p>
<table>
<thead>
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</tbody>
</table>

   4. **Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)**

5. **Average adjusted basis of or allocable to debt-financed property (attach schedule)**

6. **Column 4 divided by column 5**

7. **Gross income reportable (column 2 x column 6)**

8. **Allocable deductions (column 6 x total of columns 3(a) and 3(b))**

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</tbody>
</table>

   **Enter here and on page 1, Part I, line 7, column (A)**

   **Enter here and on page 1, Part I, line 7, column (B)**

**Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations**
(see instructions on page 21)

1. **Name of Controlled Organization**
2. **Employer Identification Number**
3. **Net unrelated income (loss) (see instructions)**
4. **Total of specified payments made**
5. **Part of column 4 that is included in the controlling organization's gross income**
6. **Deductions directly connected with income in column 5**

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</tbody>
</table>

   **Nonexempt Controlled Organizations**

   7. **Taxable Income**
   8. **Net unrelated income (loss) (see instructions)**
   9. **Total of specified payments made**
   10. **Part of column 9 that is included in the controlling organization's gross income**
   11. **Deductions directly connected with income in column 10**

<p>| | | | | |</p>
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</tr>
</tbody>
</table>

   **Totals**

   **Total dividends-received deductions included in column 8**
SECOND AMENDED RETURN

Part III Tax Computation

35. Organizations Taxable as Corporations. See instructions for tax computation on page 15
   Controlled group members (sections 1561 and 1563) check here □ See instructions and
   □ Enter your share of the $50,000, $25,000, and $9,925,000 taxable income brackets (in that order).
   □ Enter organization's share of (1) Additional 5% tax (not more than $11,750),
   □ (2) Additional 3% tax (not more than $100,000),
   □ Income tax on the amount on line 34 □ 35c  □ 953.

36. Trusts Taxable at Trust Rates. See instructions for tax computation on page 16 Income tax on
   the amount on line 34: □ Tax rate schedule □ Schedule D (Form 1041) □ 36

37. Proxy tax. See page 16 of the instructions □ 37

38. Alternative minimum tax □ 38

39. Total. Add lines 37 and 38 to line 35c or 36, whichever applies □ 39  □ 953.

Part IV Tax and Payments

40a. Foreign tax credit (corporations attach Form 1118, trusts attach Form 1116) □ 40a  □ 953.

40b. Other credits (see page 17 of the instructions) □ 40b

40c. General business credit Check here and indicate which forms are attached:
   □ Form 3800 □ Form (s) (specify) □ 40c

40d. Credit for prior year minimum tax (attach Form 8801 or 8827) □ 40d

40e. Total credits. Add lines 40a through 40d □ 40e  □ 953.

41. Subtract line 40e from line 39 □ 41

42. Other taxes. Check if from Form 4255 □ Form 8511 □ Form 8607 □ Form 8666 □ Other (attach schedule) □ 42

43. Total tax. Add lines 41 and 42 □ 43

44a. Payments: A 2006 overpayment credited to 2007 □ 44a  □ NONE

44b. 2007 estimated tax payments □ 44b □ 5,200.

44c. Tax deposited with Form 8666 □ 44c □ 5,000.

44d. Foreign organizations. Tax paid or withheld at source (see instructions) □ 44d

44e. Backup withholding (see instructions) □ 44e

f. Other credits and payments □ Form 2439 □ Other □ 19,979. Total □ 44f □ 19,979.

45. Total payments. Add lines 44a through 44f □ 45 □ 30,179.

46. Estimated tax penalty (see page 4 of the instructions). Check if Form 2220 is attached □ X □ 46 □ 147.

47. Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed □ STMT. 3 □ 47

48. Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid □ 48 □ 29,063.

49. Enter the amount of line 48 you want credited to 2008 estimated tax □ Refunded □ 49 □ 29,063.

Part V Statements Regarding Certain Activities and Other Information (see instructions on page 18)

1. At any time during the 2007 calendar year, did the organization have an interest in or a signature or other authority
   over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file
   Form TD F 90-22.1. If YES, enter the name of the foreign country here □ CAYMAN ISLANDS □ X

2. During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? □ X

3. Enter the amount of tax-exempt interest received or accrued during the tax year □ $ □ 3,516.

Schedule A - Cost of Goods Sold. Enter method of inventory valuation □

1. Inventory at beginning of year □ 1 □

2. Purchases □ 2 □

3. Cost of labor □ 3 □

4a. Additional section 263A costs (attach schedule) □ 4a □

4b. Other costs (attach schedule) □ 4b □

5. Total. Add lines 1 through 4b □ 5 □

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

May the IRS discuss this return with the preparer shown below (see instructions)? □ X □ Yes □ No

Preparer's signature □ KING & OLIAISON, P.S. □

Paid Preparer's Use Only

Preparer's signature □ KING & OLIAISON, P.S. □

Phone no 206-285-7242

Form 990-T (2007) 7E1820 2 000

SEATTLE, WA 98119-3928