

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

1998

IRS use only Do not write or staple in this space.

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

For calendar year 1998, or tax year beginning **Jun 1**, 1998, and ending **May 31, 1999** OMB No. 1545-0052

Use the IRS label. Otherwise, please print or type. See Specific Instructions.	Name of Organization Equality Network Foundation		A	Employer Identification Number 91-1941336
	Number and Street (or P.O. box number if mail is not delivered to street address) Room/Suite 6206 Woodlawn Avenue North		B	Telephone Number (see instructions) (206) 985-1093
	City or Town Seattle	State ZIP Code + 4 WA 98103-5717	C	If exemption application is pending, check here <input checked="" 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"/>
I	Fair market value of all assets at end of year (from Part II, column c, line 16) \$ 1,390,691.	J	Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ <i>(Part I, column d must be on a cash basis.)</i>	
E			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"/>
			G	If address changed, check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <i>(The total of amounts in columns b, c, and d may not necessarily equal the amounts in column a) (see instructions)</i>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
R E V E N U E	1 Contributions, gifts, grants, etc., received (att sch)	1,109,504.			
	2 Contributions from split-interest trusts				
	3 Interest on savings and temporary cash investments	5,172.	5,172.		
	4 Dividends and interest from securities	1,972.	1,972.		
	5a Gross rents				
	b (Net rental income or (loss) _____)				
	6 Net gain/(loss) from sale of assets not on line 10	270,591.			
	7 Capital gain net income (from Part IV, line 2)		1,299,096.		
	8 Net short-term capital gain			41.	
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less: Cost of goods sold				
c Gross profit/(loss) (att sch)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11	1,387,239.	1,306,240.	41.		
A D M I N I S T R A T I V E O P E R A T I V E A N D E X P E N S E S	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch) . . . L-16b. Stmt	366.	366.		
	c Other prof fees (attach sch) . . . L-16c. Stmt	8,101.	8,102.		
	17 Interest				
	18 Taxes (attach schedule)				
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	295.			
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	Memberships fees	350.			
	24 Total operating and administrative expenses. Add lines 13 through 23	9,112.	8,468.		
25 Contributions, gifts, grants paid	1,000.			1,000.	
26 Total expenses and disbursements. Add lines 24 and 25	10,112.	8,468.		1,000.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	1,377,127.				
b Net investment income (if negative, enter -0-)		1,297,772.			
c Adjusted net income (if negative, enter -0-)			41.		

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
A S S E T S	1 Cash non-interest-bearing	0.	0.	0.
	2 Savings and temporary cash investments	0.	162,994.	162,994.
	3 Accounts receivable			
	Less: allowance for doubtful accounts	0.	0.	0.
	4 Pledges receivable			
	Less: allowance for doubtful accounts	0.	0.	0.
	5 Grants receivable	0.	0.	0.
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)	0.	0.	0.
	7 Other notes and loans receivable (attach sch)			
	Less: allowance for doubtful accounts	0.	0.	0.
	8 Inventories for sale or use	0.	0.	0.
	9 Prepaid expenses and deferred charges	0.	0.	0.
	10 a Investments U.S. and state government obligations (attach schedule)	0.	0.	0.
	b Investments corporate stock (attach schedule) L-10b Stmt	0.	1,113,844.	1,127,408.
	c Investments corporate bonds (attach schedule)	0.	0.	0.
	11 Investments land, buildings, and equipment: basis			
Less: accumulated depreciation (attach schedule)	0.	0.	0.	
12 Investments mortgage loans	0.	0.	0.	
13 Investments other (attach schedule) L-13 Stmt	0.	100,000.	100,000.	
14 Land, buildings, and equipment: basis				
Less: accumulated depreciation (attach schedule)	0.	0.	0.	
15 Other assets (describe <u>accrued money fund dividends</u>)	0.	289.	289.	
16 Total assets (to be completed by all filers see instructions. Also, see page 1, item I)	0.	1,377,127.	1,390,691.	
L I A B I L I T I E S	17 Accounts payable and accrued expenses	0.	0.	
	18 Grants payable	0.	0.	
	19 Deferred revenue	0.	0.	
	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 _____)	0.	0.	
	23 Total liabilities (add lines 17 through 22)	0.	0.	
N E T A S S E T A N D F U N D B A L A N C E S	Organizations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>			
	24 Unrestricted	0.	1,377,127.	
	25 Temporarily restricted	0.	0.	
	26 Permanently restricted	0.	0.	
	Organizations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	0.		
	28 Paid-in or capital surplus, or land, building, and equipment fund	0.		
	29 Retained earnings, accumulated income, endowment, or other funds	0.		
	30 Total net assets or fund balances (see instructions)	0.	1,377,127.	
31 Total liabilities and net assets/fund balances (see instructions)	0.	1,377,127.		

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	0.
2 Enter amount from Part I, line 27a	2	1,377,127.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	1,377,127.
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	1,377,127.

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 shares MLC Company)	(b) How acquired P Purchase D Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a 816 shares MSFT	D	12/31/89	02/12/99
b 5184 shares MSFT	D	06/22/93	02/12/99
c 1900 shares MSFT	D	06/22/93	02/12/99
d 100 shares MSFT	D	06/22/93	02/23/99
e Cash-in-lieu UN stock split 112-100	P	02/23/99	05/14/99

(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 140,653.		1,975.	138,678.
b 893,562.		57,024.	836,538.
c 331,183.		20,900.	310,283.
d 14,656.		1,100.	13,556.
e 41.		0.	41.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			138,678.
b			836,538.
c			310,283.
d			13,556.
e			41.

2 Capital gain net income or (net capital loss). [If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7]	2	1,299,096.
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 instructions). If (loss), enter -0- in Part I, line 8.]	3	41.

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 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 (column (b) divided by column (c))
1997			
1996			
1995			
1994			
1993			

2 Total of line 1, column (d)	2	
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	
4 Enter the net value of noncharitable-use assets for 1998 from Part X, line 5	4	
5 Multiply line 4 by line 3	5	
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	
7 Add lines 5 and 6	7	
8 Enter qualifying distributions from Part XII, line 4	8	

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.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 see 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 type="checkbox"/> and enter 1% of Part I, line 27b		1	25,955.
c All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of line 12b			
2 Tax under Section 511 (domestic Section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	
3 Add lines 1 and 2		3	25,955.
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	25,955.
6 Credits/Payments:			
a 1998 estimated tax payments and 1997 overpayment credited to 1998	6 a		
b Exempt foreign organizations tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 2758)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d		7	
8 Enter any Penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached		8	1,513.
9 Tax Due. If the total of lines 5 and 8 is more than line 7, enter Amount Owed		9	27,468.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the Amount Overpaid		10	
11 Enter the amount on line 10 to be: Credited to 1999 estimated tax Refunded		11	

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
1 b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?		X
<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>		
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 \$ _____ (2) On organization managers \$ _____		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers \$ _____		
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?		X
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, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) _____ Washington		
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 1998 or the taxable year beginning in 1998 (see instructions for Part XIV)? <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 a Did anyone request to see either the organization's annual return or its exemption application (or both)?		X
b If 'Yes,' did the organization comply pursuant to the instructions? (See General Instruction Q.)		
12 The books are in care of Charles M Gust, Treasurer Telephone no. (206) 985-1093 Located at 6206 Woodlawn Avenue North, Seattle, WA ZIP + 4 98103-5717		
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	13	

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
1	Self-dealing (section 4941):		
a	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 checked="" type="checkbox"/> Yes <input 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 instructions)? <input type="checkbox"/>	1 b	X
	Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
	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 1998? <input type="checkbox"/>	1 c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation as defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 1998, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 1998? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years 19__ 19__ 19__ 19__		
	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 instructions) <input type="checkbox"/>	2 b	
	c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. 19__ 19__ 19__ 19__		
3	Taxes on excess business holdings (section 4943):		
a	Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	b If 'Yes,' did it have excess business holdings in 1998 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 1998.) <input type="checkbox"/>	3 b	
4	Taxes on investments that jeopardize charitable purposes (section 4944):		
a	Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4 a	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 1998? <input type="checkbox"/>	4 b	X
5	Taxes on taxable expenditures (section 4945) and political expenditures (section 4955):		
a	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 instructions)? <input type="checkbox"/>	5 b	
	Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>		
	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).		

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

1 List all officers, directors, trustees, foundation managers and their compensation:

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
<u>Charles M Gust</u> 6206 Woodlawn Avenue North, Seattle WA	<u>Pres & Treas</u> 2 hours	0.	0.	0.
<u>Maureen A Thompson</u> 6206 Woodlawn Avenue North, Seattle WA	<u>VP & Sec.</u> 0 hours	0.	0.	0.

2 Compensation of five highest paid employees (other than those included on line 1 see 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
<u>NONE</u> N/A	<u>N/A</u> N/A	0.	0.	0.

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

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter 'None.'

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
<u>NONE</u> -----		

Total number of others receiving over \$50,000 for professional services **0**

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 ----- -----	
2 ----- -----	
3 ----- -----	
4 ----- -----	

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

Describe any program-related investments made by the foundation during the tax year.	Amount
1 _____ _____	
2 _____ _____	
3 _____ _____	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1 a	1, 249, 030.
b Average of monthly cash balances	1 b	113, 749.
c Fair market value of all other assets (see instructions)	1 c	
d Total (add lines 1a, b and c)	1 d	1, 362, 779.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	1, 362, 779.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	20, 442.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1, 342, 337.
6 Minimum investment return. Enter 5% of line 5	6	67, 117.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	67, 117.
2a Tax on investment income for 1998 from Part VI, line 5	2 a	25, 955.
b Income tax for 1998 (This does not include the tax from Part VI.)	2 b	
c Add lines 2a and 2b	2 c	25, 955.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	41, 162.
4a Recoveries of amounts treated as qualifying distributions	4 a	
b Income distributions from section 4947(a)(2) trusts	4 b	
c Add lines 4a and 4b	4 c	
5 Add lines 3 and 4c	5	41, 162.
6 Deduction from distributable amount (see instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	41, 162.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. total from Part I, column (d), line 26	1 a	1, 000.
b Program-related investments total of lines 1 - 3 of Part IX-B	1 b	
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)	3 a	
b Cash distribution test (attach the required schedule)	3 b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1, 000.
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 instructions)	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	1, 000.

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.

BAA

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 1997	(c) 1997	(d) 1998
1 Distributable amount for 1998 from Part XI, line 7				41,162.
2 Undistributed income, if any, as of the end of 1997:				
a Enter amount for 1997 only				
b Total for prior years: 19 ____, 19 ____, 19 ____				
3 Excess distributions carryover, if any, to 1998:				
a From 1993				
b From 1994				
c From 1995				
d From 1996				
e From 1997				
f Total of lines 3a through e				
4 Qualifying distributions for 1998 from Part XII, line 4: \$ 1,000.				
a Applied to 1997, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)				
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 1998 distributable amount				1,000.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 1998 (If an amount appears in column d, the same amount must also be shown in column a.)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
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 instructions		0.		
e Undistributed income for 1997. Subtract line 4a from line 2a. Taxable amount - see instructions			0.	
f Undistributed income for 1998. Subtract lines 4d and 5 from line 1. This amount must be distributed in 1999				40,162.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by Section 170(b)(1)(E) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 1993 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 1999. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 1994	0.			
b Excess from 1995	0.			
c Excess from 1996	0.			
d Excess from 1997	0.			
e Excess from 1998	0.			

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

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 1998, enter the date of the ruling

b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

	Prior 3 years				(e) Total
	(a) 1998	(b) 1997	(c) 1996	(d) 1995	
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a 'Assets' alternative test enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test Enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
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)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

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).)

Charles M Gust (President & Treasurer), Maureen A Thompson (Vice-President & Secretary)

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 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:

**Charles M Gust, President, Equality Network Foundation
6206 Woodlawn Avenue North
Seattle**

WA 98103-5717 (206) 985-1093

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

One page description of grant seeker. We may request IRS Determination letter. Guidelines available at <http://www.equality.net/foundation>

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:

US only. Must advance charitable mission of Equality Network Foundation.

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	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
<p><i>a Paid during the year</i> A Territory Resource 603 Stewart #1007, Seattle, WA</p>	<p>N/A</p>	<p>509(a)(2)</p>	<p>General Support</p>	<p>1,000.</p>
<p>Total</p>				<p>3 a 1,000.</p>
<p><i>b Approved for future payment</i></p>				
<p>Total</p>				<p>3 b</p>

Underpayment of Estimated Tax by Corporations

1998

Department of the Treasury
Internal Revenue Service

See separate instructions.
Attach to the corporation's tax return.

Name **Equality Network Foundation** Employer Identification Number **91-1941336**

Note: In most cases, the corporation **does not** need to file Form 2220. (See Part I below for exceptions.) The IRS will figure any penalty owed and bill the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 34 on the estimated tax penalty line of the corporation's income tax return, but do not attach Form 2220.

Part I Reasons for Filing Check the boxes below that apply to the corporation. If any box is checked or the **Note** below applies, the corporation must file Form 2220 with the corporation's tax return, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty. See instructions.

- 1 The corporation is using the annualized income installment method.
- 2 The corporation is using the adjusted seasonal installment method.
- 3 The corporation is a 'large corporation' figuring its first required installment based on the prior year's tax.

Note: The corporation must also file Form 2220 if it is claiming a waiver of the penalty. See **waiver of penalty** in the instructions.

Part II Figuring the Underpayment

4	Total tax (see instructions)	4	25,955.
5a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 4	5 a	
5b	Interest due under the look-back method of section 460(b)(2) for completed long-term contracts included on line 4	5 b	
5c	Credit for federal tax paid on fuels (see instructions)	5 c	
5d	Total. Add lines 5a through 5c	5 d	
6	Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty	6	25,955.
7	Enter the tax shown on the corporation's 1997 income tax return. (Caution: See the instructions before completing this line.)	7	
8	Enter the smaller of line 6 or line 7. If the corporation must skip line 7, enter the amount from line 6 on line 8	8	25,955.

	(a)	(b)	(c)	(d)
9	10/15/98	11/15/98	02/15/99	05/15/99
10	6,488.	6,489.	6,489.	6,489.
11				
12				
13				
14		6,488.	12,977.	19,466.
15		0.	0.	0.
16		6,488.	12,977.	
17	6,488.	6,489.	6,489.	6,489.
18				

Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.

Part III Figuring the Penalty

	(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.)	19 10/15/99	10/15/99	10/15/99	10/15/99
20 Number of days from due date of installment on line 9 to the date shown on line 19	20 365	334	242	153
21 Number of days on line 20 after 4/15/98 and before 1/1/99	21 77	46		
22 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 21}}{365} \times 8\%$	22 109.	65.		
23 Number of days on line 20 after 12/31/98 and before 4/1/99	23 90	90	44	
24 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 23}}{365} \times 7\%$	24 112.	112.	55.	
25 Number of days on line 20 after 3/31/99 and before 7/1/99	25 91	91	91	46
26 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 25}}{365} \times 8\%$	26 129.	129.	129.	65.
27 Number of days on line 20 after 6/30/99 and before 10/1/99	27 92	92	92	92
28 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 27}}{365} \times 8\%$	28 131.	131.	131.	131.
29 Number of days on line 20 after 9/30/99 and before 1/1/2000	29 15	15	15	15
30 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 29}}{365} \times 8\%$	30 21.	21.	21.	21.
31 Number of days on line 20 after 12/31/99 and before 2/16/2000	31			
32 Underpayment on line 17 <input checked="" type="checkbox"/> $\frac{\text{Number of days on line 31}}{366} \times 8\%$	32			
33 Add lines 22, 24, 26, 28, 30, and 32	33 502.	458.	336.	217.
34 Penalty. Add columns (a) through (d), of line 33. Enter the total here and on Form 1120, line 33; Form 1120-A; line 29; or the comparable line for other income tax returns			34	1,513.

* **For underpayments paid after March 31, 1999:** For lines 26, 28, 30, and 32 use the penalty interest rate for each calendar quarter that the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS's web site at www.irs.ustreas.gov. You can also call 1-800-829-1040 to get interest rate information.

Form 990-PF, Page 1, Part I, Line 16b

L-16b Stmt

Line 16b - Accounting Fees: Name of Provider	Type of Service Provided	Amount Paid
Smith Bunday Berman & Britton	Accounting	366.
Total		<u>366.</u>

Form 990-PF, Page 1, Part I, Line 16c

L-16c Stmt

Line 16c - Other Professional Fees: Name of Provider	Type of Service Provided	Amount Paid
Salomon Smith Barney Soc Mgd	Investment & Advisory	8,101.
Total		<u>8,101.</u>

Form 990-PF, Page 2, Part II, Line 10b

L-10b Stmt

Line 10b Investments in Corporate Stock:	Beginning Book Value	End of Year	
		Book Value	Fair Market Value
500 shs AXP	0.	51,406.	60,531.
1325 shs AFS	0.	53,083.	54,325.
620 shs AUD	0.	24,800.	25,537.
790 shs BAC	0.	51,646.	51,103.
665 shs CMB	0.	51,247.	48,129.
540 shs CSCO	0.	52,009.	58,860.
2506 shs DG	0.	51,002.	66,567.
515 shs EMC	0.	50,985.	51,726.
830 shs ENE	0.	50,682.	59,241.
430 shs FRE	0.	26,986.	25,075.
410 shs INTC	0.	26,214.	22,166.
810 shs KR	0.	51,081.	47,436.
955 shs LOW	0.	52,167.	49,362.
530 shs LU	0.	26,384.	30,144.
320 shs WCOM	0.	25,900.	27,640.
675 shs MRK	0.	52,608.	45,647.
1120 shs NWL	0.	53,060.	45,360.
1835 shs NSC	0.	51,430.	60,326.
1155 shs RAD	0.	51,614.	28,875.
800 shs SPC	0.	25,850.	28,500.
1900 shs SPLS	0.	52,456.	54,625.
355 shs STT	0.	25,893.	27,069.
1145 shs SYK	0.	51,740.	68,127.
611 shs UN	0.	51,589.	39,906.
910 shs XRX	0.	52,012.	51,131.
Total	<u>0.</u>	<u>1,113,844.</u>	<u>1,127,408.</u>

Form 990-PF, Page 2, Part II, Line 13

L-13 Stmt

Line 13 Investments Other:	Beginning Book Value	End of Year	
		Book Value	Fair Market Value
<u>Providian National Bank - NH CD</u>	<u>0.</u>	<u>50,000.</u>	<u>50,000.</u>
<u>Flagstar Bank - MI CD</u>	<u>0.</u>	<u>50,000.</u>	<u>50,000.</u>
Total	<u><u>0.</u></u>	<u><u>100,000.</u></u>	<u><u>100,000.</u></u>

Supporting Statement of:

Form 990- PF, p1/Line 1(a)

Description	Amount
19981231 8000 shs MSFT	1, 109, 504.
Total	<u>1, 109, 504.</u>

Supporting Statement of:

Form 990- PF, p1/Line 21(a)

Description	Amount
19990127 Check 1001 PNGF Grantmaking Class	195.
19990315 Check 1003 PNGF Spring Conference	75.
19990429 Check 1005 PNGF Myth vs Fact Class	25.
Total	<u>295.</u>

Supporting Statement of:

Form 990- PF, p1/Line 25(a)

Description	Amount
19990202 Check 1002 A Territory Resource (gen supp)	1, 000.
Total	<u>1, 000.</u>

Supporting Statement of:

Invests Stmt/Line 10b Book- 7

Description	Amount
19990223 2005 shs DG	51, 002.
19990528 501 shs DG (stock split)	0.
Total	<u>51, 002.</u>

Supporting Statement of:

Invests Stmt/Line 10b Book- 18

Description	Amount
19990223 1035 shs NSC	28, 980.

Continued

Supporting Statement of:**Invests Stmt/Line 10b Book- 18**

Description	Amount
19990223 800 shs NSC	22,450.
Total	<u>51,430.</u>

Supporting Statement of:**Invests Stmt/Line 10b Book- 21**

Description	Amount
19990223 1150 shs SPLS	31,769.
19990223 500 shs SPLS	13,781.
19990223 250 shs SPLS	6,906.
Total	<u>52,456.</u>

Supporting Statement of:**Invests Stmt/Line 10b Book- 24**

Description	Amount
19990223 685 shs UN	51,589.
Total	<u>51,589.</u>

Supporting Statement of:**Form 990- PF p11/Ln 3 Col (d)**

Description	Amount
19990212 SB MONEY FUNDS CASH PORT CL A	1,959.
19990312 SB MONEY FUNDS CASH PORT CL A	1,683.
19990409 SB MONEY FUNDS CASH PORT CL A	562.
19990514 SB MONEY FUNDS CASH PORT CL A	679.
19990531 SB accrued money fund dividends	289.
Total	<u>5,172.</u>

Supporting Statement of:

Form 990- PF p11/Ln 4 Col (d)

Description	Amount
<u>19990331 Di v i d e n d s</u>	<u>692.</u>
<u>19990430 Di v i d e n d s</u>	<u>1, 103.</u>
<u>19990531 Di v i d e n d s</u>	<u>177.</u>
Total	<u><u>1, 972.</u></u>

Supporting Statement of:

Form 990- PF p11/Ln 8 Col (d)

Description	Amount
<u>816 shares MSFT Gross Sales Price</u>	<u>140, 653.</u>
<u>5184 shares MSFT Gross Sales Price</u>	<u>893, 562.</u>
<u>1900 shares MSFT Gross Sales Price</u>	<u>331, 183.</u>
<u>100 shares MSFT Gross Sales Price</u>	<u>14, 656.</u>
<u>8000 shares MSFT FMV on donation date</u>	<u>- 1, 109, 504.</u>
<u>Cash-in-lieu UN stock split 112- 100</u>	<u>41.</u>
Total	<u><u>270, 591.</u></u>