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GOVERNMENT COPY

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

2004

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

For calendar year **2004**, or tax year beginning _____, and ending _____

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of organization QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT	A Employer identification number 39-1916960
	Number and street (or P.O. box number if mail is not delivered to street address) Room/suite 5703 20TH AVE. NW	B Telephone number (206) 783-5554
	City or town, state, and ZIP code SEATTLE, WA 98107	C If exemption application is pending, check here <input type="checkbox"/>

H Check type of organization: Section 501(c)(3) exempt private foundation
 Section 4947(a)(1) nonexempt charitable trust Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col. (c), line 16) **\$ 23,500,614.** (Part I, column (d) must be on cash basis.)

J Accounting method: Cash Accrual
 Other (specify) _____

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)</small>		(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	63,153.		N/A	
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	446,219.	446,219.		STATEMENT 1
	4 Dividends and interest from securities	317,281.	309,391.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	128,370.			
	b Gross sales price for all assets on line 6a	7,981,911.			
	7 Capital gain net income (from Part IV, line 2)		128,370.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss)					
11 Other income	468.	438.		STATEMENT 3	
12 Total. Add lines 1 through 11	955,491.	884,418.			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	54,996.	10,999.		43,997.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 4	1,707.	0.		1,707.
	b Accounting fees STMT 5	22,590.	7,530.		15,060.
	c Other professional fees STMT 6	368,140.	212,351.		155,789.
	17 Interest				
	18 Taxes STMT 7	9,484.	1,818.		7,666.
	19 Depreciation and depletion				
	20 Occupancy	10,025.	2,005.		8,020.
	21 Travel, conferences, and meetings	118,774.	22.		118,752.
	22 Printing and publications	236.	46.		190.
	23 Other expenses STMT 8	69,663.	3,676.		65,987.
	24 Total operating and administrative expenses. Add lines 13 through 23	655,615.	238,447.		417,168.
	25 Contributions, gifts, grants paid	1,120,000.			1,120,000.
26 Total expenses and disbursements. Add lines 24 and 25	1,775,615.	238,447.		1,537,168.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-820,124.				
b Net investment income (if negative, enter -0-)		645,971.			
c Adjusted net income (if negative, enter -0-)			N/A		

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only.		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		1,053,375.	446,469.	446,469.
	2	Savings and temporary cash investments				
	3	Accounts receivable ▶				
		Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons				
	7	Other notes and loans receivable ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges			3,011.	3,011.
	10a	Investments - U.S. and state government obligations				
	b	Investments - corporate stock				
	c	Investments - corporate bonds				
	11	Investments - land, buildings, and equipment: basis ▶				
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other	STMT 10		21,781,793.	23,035,422.	23,035,422.
14	Land, buildings, and equipment: basis ▶	23,209.				
	Less: accumulated depreciation STMT 11 ▶	7,497.		438,514.	15,712.	15,712.
15	Other assets (describe ▶					
16	Total assets (to be completed by all filers)			23,273,682.	23,500,614.	23,500,614.
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶				
	23	Total liabilities (add lines 17 through 22)			0.	0.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here ▶ <input type="checkbox"/>					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Organizations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>					
	and complete lines 27 through 31.					
	27	Capital stock, trust principal, or current funds			0.	0.
28	Paid-in or capital surplus, or land, bldg., and equipment fund			0.	0.	
29	Retained earnings, accumulated income, endowment, or other funds			23,273,682.	23,500,614.	
30	Total net assets or fund balances			23,273,682.	23,500,614.	
31	Total liabilities and net assets/fund balances			23,273,682.	23,500,614.	

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	23,273,682.
2	Enter amount from Part I, line 27a	2	-820,124.
3	Other increases not included in line 2 (itemize) ▶	3	SEE STATEMENT 9
4	Add lines 1, 2, and 3	4	23,500,614.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	23,500,614.

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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 SEE ATTACHED STATEMENT				
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				
b				
c				
d				
e 7,981,911.	9,900.	7,863,441.	128,370.	
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))	
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e			128,370.	
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	128,370.	
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). If (loss), enter -0- in Part I, line 8		3	N/A	

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 (col. (b) divided by col. (c))
2003	1,094,766.	14,268,211.	.0767276
2002	612,278.	8,298,045.	.0737858
2001	284,703.	7,366,439.	.0386487
2000	312,128.	6,618,726.	.0471583
1999	336,533.	3,787,457.	.0888546
2 Total of line 1, column (d)			.3251750
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			.0650350
4 Enter the net value of noncharitable-use assets for 2004 from Part X, line 5			22,638,688.
5 Multiply line 4 by line 3			1,472,307.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6,460.
7 Add lines 5 and 6			1,478,767.
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.			1,537,168.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling letter: _____ (attach copy of ruling letter if necessary-see instructions)		
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	6,460.
c	All other domestic organizations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3	Add lines 1 and 2	3	6,460.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	6,460.
6	Credits/Payments:		
a	2004 estimated tax payments and 2003 overpayment credited to 2004	6a	1,200.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	8,000.
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	9,200.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	6.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	2,734.
11	Enter the amount of line 10 to be: Credited to 2005 estimated tax <input type="checkbox"/> 2,734. Refunded <input type="checkbox"/>	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
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.		
1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the organization. ▶ \$ 0. (2) On organization managers. ▶ \$ 0.	
e	Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ \$ 0.	
2		X
If "Yes," attach a detailed description of the activities.		
3		X
4a		X
4b		N/A
5		X
If "Yes," attach the statement required by General Instruction T.		
6	X	
7	X	
If "Yes," complete Part II, col. (c), and Part XV.		
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ <u>WASHINGTON</u>	
8b	X	
9		X
10	X	
11	X	
Web site address ▶ <u>WWW.QUIXOTEFUNDATION.ORG</u>		
12	The books are in care of ▶ <u>ERIK M. HANISCH, PRESIDENT</u> Telephone no. ▶ <u>(206) 783-5554</u> Located at ▶ <u>5703 20TH AVE. NW, SEATTLE, WA</u> ZIP+4 ▶ <u>98107</u>	
13		N/A

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the organization (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1b	X
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 2004? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2004, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2004? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years <input type="checkbox"/> _____, _____, _____, _____.		
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"/> Yes <input checked="" type="checkbox"/> No N/A	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <input type="checkbox"/> _____, _____, _____, _____.		
3a 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 2004 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? (<i>Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2004.</i>) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A	3b	
4a 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	4a	X
b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2004? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	4b	X
5a During the year did the organization pay or incur any amount to:		
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	5b	
c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No N/A If "Yes," attach the statement required by Regulations section 53.4945-5(d).		
6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered "Yes" to 6b, also file Form 8870.	6b	X

Part IX-B Summary of Program-Related Investments

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

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	1a	22,608,177.
b	Average of monthly cash balances	1b	375,263.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	22,983,440.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	22,983,440.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	344,752.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	22,638,688.
6	Minimum investment return. Enter 5% of line 5	6	1,131,934.

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	1,131,934.
2a	Tax on investment income for 2004 from Part VI, line 5	2a	6,460.
b	Income tax for 2004. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	6,460.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,125,474.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	1,125,474.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,125,474.

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	1a	1,537,168.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,537,168.
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	5	6,460.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,530,708.

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 instructions)

	(a) Corpus	(b) Years prior to 2003	(c) 2003	(d) 2004
1 Distributable amount for 2004 from Part XI, line 7				1,125,474.
2 Undistributed income, if any, as of the end of 2003:				
a Enter amount for 2003 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2004:				
a From 1999	90,558.			
b From 2000	13,124.			
c From 2001				
d From 2002	200,278.			
e From 2003	383,151.			
f Total of lines 3a through e	687,111.			
4 Qualifying distributions for 2004 from Part XII, line 4: ▶ \$	1,537,168.			
a Applied to 2003, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2004 distributable amount				1,125,474.
e Remaining amount distributed out of corpus	411,694.			
5 Excess distributions carryover applied to 2004 (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	1,098,805.			
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		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2003. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2004. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2005				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3)	0.			
8 Excess distributions carryover from 1999 not applied on line 5 or line 7	90,558.			
9 Excess distributions carryover to 2005. Subtract lines 7 and 8 from line 6a	1,008,247.			
10 Analysis of line 9:				
a Excess from 2000	13,124.			
b Excess from 2001				
c Excess from 2002	200,278.			
d Excess from 2003	383,151.			
e Excess from 2004	411,694.			

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 2004, 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)

Table with 5 columns: (a) 2004, (b) 2003, (c) 2002, (d) 2001, (e) Total. Rows include 2a (Adjusted net income), 2b (85% of line 2a), 2c (Qualifying distributions), 2d (Amounts included in line 2c not used directly for active conduct of exempt activities), 2e (Qualifying distributions made directly for active conduct of exempt activities), 3 (Alternative tests: Assets, Endowment, Support).

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year-see page 26 of the instructions.)

1 Information Regarding Foundation Managers:

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

ERIK M. HANISCH

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.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here [X] 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:

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

c Any submission deadlines:

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

Part XV **Supplementary Information** (continued)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<p>a <i>Paid during the year</i></p> <p>SEE ATTACHED</p>				1,120,000.
Total				3a 1,120,000.
<p>b <i>Approved for future payment</i></p> <p>URBAN ECOLOGY CENTER, 1500 E. PARK PLACE, MILWAUKEE, WI 53211</p>	N/A	PUBLIC CHARITY	CAPITAL BULIDING CAMPAIGN	25,000.
Total				3b 25,000.

Schedule B
(Form 990, 990-EZ, or
990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

Supplementary Information for
line 1 of Form 990, 990-EZ, and 990-PF (see instructions)

OMB No. 1545-0047

2004

Name of organization

QUIXOTE FOUNDATION, INC.
C/O ERIK M. HANISCH, PRESIDENT

Employer identification number

39-1916960

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule-see instructions.)

General Rule-

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

Special Rules-

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33 1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of \$5,000 or 2% of the amount on line 1 of these forms. (Complete Parts I and II.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. (Complete Parts I, II, and III.)

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year.) ► \$ _____

Caution: Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF), but they **must** check the box in the heading of their Form 990, Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions
for Form 990, Form 990-EZ, and Form 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2004)

Name of organization QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT	Employer identification number 39-1916960
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Part I Contributors (See Specific Instructions.)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	ESTATE OF ARTHUR STUART HANISCH <hr/> 6723 21ST AVE. NW <hr/> SEATTLE, WA 98117	\$ 60,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	LENORE HANISCH <hr/> 6723 21ST AVE. NW <hr/> SEATTLE, WA 98117	\$ 3,152.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

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	ADVEST INVESTMENTS - 1411 (SEE ATTACHED)	P	VARIOUS	VARIOUS
b	ADVEST INVESTMENTS - 1411 (SEE ATTACHED)	P	VARIOUS	VARIOUS
c	ADVEST INVESTMENTS - 1381 (SEE ATTACHED)	P	VARIOUS	VARIOUS
d	ADVEST INVESTMENTS - 1381 (SEE ATTACHED)	P	VARIOUS	VARIOUS
e	ADVEST INVESTMENTS - 1403 (SEE ATTACHED)	P	VARIOUS	VARIOUS
f	ADVEST INVESTMENTS - 1403 (SEE ATTACHED)	P	VARIOUS	VARIOUS
g	ADVEST INVESTMENTS - 1390 (SEE ATTACHED)	P	VARIOUS	VARIOUS
h	ADVEST INVESTMENTS - 1390 (SEE ATTACHED)	P	VARIOUS	VARIOUS
i	ADVEST INVESTMENTS - 1331 (SEE ATTACHED)	P	VARIOUS	VARIOUS
j	ADVEST INVESTMENTS - 1331 (SEE ATTACHED)	P	VARIOUS	VARIOUS
k	SALE OF HOUSE	P	06/03/03	02/27/04
l				
m				
n				
o				

	(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	213,299.		223,744.	-10,445.
b	327,346.		340,731.	-13,385.
c	3,232,402.		3,223,567.	8,835.
d	723,896.		713,625.	10,271.
e	869,222.		864,458.	4,764.
f	665,546.		624,371.	41,175.
g	587,058.		492,931.	94,127.
h	298,025.		347,982.	-49,957.
i	403,289.		379,538.	23,751.
j	244,828.		172,611.	72,217.
k	417,000.	9,900.	479,883.	-52,983.
l				
m				
n				
o				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			-10,445.
b			-13,385.
c			8,835.
d			10,271.
e			4,764.
f			41,175.
g			94,127.
h			-49,957.
i			23,751.
j			72,217.
k			-52,983.
l			
m			
n			
o			

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	128,370.
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). If (loss), enter "-0-" in Part I, line 8	3	N/A

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
ADVEST - 1381	305,508.
ADVEST - 1411	140,711.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	446,219.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
ADVEST - 1331	18,544.	0.	18,544.
ADVEST - 1381	13,227.	0.	13,227.
ADVEST - 1390	174,925.	0.	174,925.
ADVEST - 1403	105,968.	0.	105,968.
ADVEST - 1411	4,617.	0.	4,617.
TOTAL TO FM 990-PF, PART I, LN 4	317,281.	0.	317,281.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	AMOUNT
TOTAL TO FORM 990-PF, PART I, LINE 11, COLUMN A	468.

FORM 990-PF LEGAL FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	1,707.	0.		1,707.
TO FM 990-PF, PG 1, LN 16A	1,707.	0.		1,707.

FORM 990-PF ACCOUNTING FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	22,590.	7,530.		15,060.
TO FORM 990-PF, PG 1, LN 16B	22,590.	7,530.		15,060.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT FEES	195,041.	195,041.		0.
OTHER PROFESSIONAL FEES	173,099.	17,310.		155,789.
TO FORM 990-PF, PG 1, LN 16C	368,140.	212,351.		155,789.

FORM 990-PF TAXES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
PAYROLL TAXES	9,089.	1,818.		7,271.
PAYROLL SERVICE FEE	395.	0.		395.
TO FORM 990-PF, PG 1, LN 18	9,484.	1,818.		7,666.

FORM 990-PF OTHER EXPENSES STATEMENT 8

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
DUES & SUBSCRIPTIONS	747.	0.		747.
BUSINESS INSURANCE	7,107.	0.		7,107.
MISCELLANEOUS	128.	0.		128.
OFFICE EXPENSE	11,163.	2,233.		8,930.
UTILITIES AND SECURITY	4,958.	992.		3,966.

BANK CHARGES	258.	48.	210.
BUSINESS DEVELOPMENT & INSURANCE	1,868.	374.	1,494.
LICENSES & FEES	145.	29.	116.
GRANTEE EXPENSES	43,289.	0.	43,289.
TO FORM 990-PF, PG 1, LN 23	69,663.	3,676.	65,987.

FORM 990-PF OTHER INCREASES IN NET ASSETS OR FUND BALANCES STATEMENT 9

DESCRIPTION	AMOUNT
UNREALIZED LOSS ON EQUITIES AND MUTUAL FUNDS	982,771.
BOOK/TAX DIFFERENCES - SECURITIES SOLD	59,620.
OTHER BOOK/TAX DIFFERENCES	4,665.
TOTAL TO FORM 990-PF, PART III, LINE 3	1,047,056.

FORM 990-PF OTHER INVESTMENTS STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
ADVEST 951403	6,023,348.	6,023,348.
ADVEST 951381	5,574,125.	5,574,125.
ADVEST 951411	2,128,502.	2,128,502.
ADVEST 951331	1,493,202.	1,493,202.
ADVEST 951390	7,816,245.	7,816,245.
TOTAL TO FORM 990-PF, PART II, LINE 13	23,035,422.	23,035,422.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 11

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
COMPUTER SOFTWARE	5,408.	5,408.	0.
FURNITURE	17,801.	2,089.	15,712.
TOTAL TO FM 990-PF, PART II, LN 14	23,209.	7,497.	15,712.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS STATEMENT 12
 TRUSTEES AND FOUNDATION MANAGERS

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
ERIK M. HANISCH 5703 20TH AVE. NW SEATTLE, WA 98107	PRES. & BOARD CHAIRMAN VARIOUS	0.	0.	0.
RICHARD J. LANGER 5703 20TH AVE. NW SEATTLE, WA 98107	VICE PRESIDENT VARIOUS	0.	0.	0.
MARTHA VUKELICH-AUSTIN 5703 20TH AVE. NW SEATTLE, WA 98107	SECRETARY & TREASURER VARIOUS	0.	0.	0.
RICHARD J. LANGER 5703 20TH AVE. NW SEATTLE, WA 98107	DIRECTOR VARIOUS	0.	0.	0.
LENORE HANISCH 5703 20TH AVE. NW SEATTLE, WA 98107	DIRECTOR VARIOUS	54,996.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		54,996.	0.	0.

Application for Extension of Time To File an Exempt Organization Return

▶ File a separate application for each return.

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box **X**
 - If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).
- Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time - Only submit original (no copies needed)

Form 990-T corporations requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns. Partnerships, REMICs, and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Electronic Filing (e-file). Form 8868 can be filed electronically if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for corporate Form 990-T filers). However, you cannot file it electronically if you want the additional (not automatic) 3-month extension, instead you must submit the fully completed signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile.

Type or print	Name of Exempt Organization QUIXOTE FOUNDATION, INC. C/O ERIK M. HANISCH, PRESIDENT	Employer identification number 39-1916960
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. 5703 20TH AVE. NW	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. SEATTLE, WA 98107	

Check type of return to be filed (file a separate application for each return):

- | | | |
|---|---|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- The books are in the care of ▶ **ERIK M. HANISCH, PRESIDENT**
Telephone No. ▶ **(206) 783-5554** FAX No. ▶ _____
- If the organization does **not** have an office or place of business in the United States, check this box
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the **whole** group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a **Form 990-T corporation**) extension of time until **AUGUST 15, 2005** to file the exempt organization return for the organization named above. The extension is for the organization's return for:
▶ calendar year **2004** or
▶ tax year beginning _____, and ending _____.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ **9,200.**

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ **1,200.**

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ **8,000.**

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.