

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung
 benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2007 calendar year, or tax year beginning , and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Termination
 Amended return
 Application pending

C Name of organization
WHIDBEY ANIMALS' IMPROVEMENT FOUNDATION
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
P.O. BOX 1108
 City or town, state or country, and ZIP + 4
COUPEVILLE WA 98239

D Employer identification number
91-1488861

E Telephone number
360-678-5816

F Accounting method: Cash
 Accrual Other (specify)

G Website: **WWW.WAIFANIMALS.ORG**

J Organization type
 (check only one) 501(c) (**3**) (insert no.) 4947(a)(1) or 527

K Check here if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **1,061,917**

H and I are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? Yes No
H(b) If "Yes," enter number of affiliates **.....**
H(c) Are all affiliates included? Yes No
 (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? Yes No
I Group Exemption Number **.....**
M Check if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)					
Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Contributions to donor advised funds	1a		
	b	Direct public support (not included on line 1a)	1b	491,782	
	c	Indirect public support (not included on line 1a)	1c	7,007	
	d	Government contributions (grants) (not included on line 1a)	1d		
	e	Total (add lines 1a through 1d) (cash \$ 192,904 noncash \$ 305,885)	1e	498,789	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	179,614	
	3	Membership dues and assessments	3		
	4	Interest on savings and temporary cash investments	4	8,522	
	5	Dividends and interest from securities	5		
	6a	Gross rents	6a		
	b	Less: rental expenses	6b		
c	Net rental income or (loss). Subtract line 6b from line 6a	6c			
7	Other investment income (describe)	7			
8a	Gross amount from sales of assets other than inventory	(A) Securities	(B) Other		
		8a			
		8b			
		8c			
d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8d			
9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
a	Gross revenue (not including \$ of contributions reported on line 1b)	9a	83,229		
b	Less: direct expenses other than fundraising expenses	9b	582		
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c	82,647		
10a	Gross sales of inventory, less returns and allowances	10a	291,526		
		b	Less: cost of goods sold	10b	287,624
		c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c	STMT 1 3,902
11	Other revenue (from Part VII, line 103)	11	237		
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	773,711		
Expenses	13	Program services (from line 44, column (B))	13	643,639	
	14	Management and general (from line 44, column (C))	14	48,379	
	15	Fundraising (from line 44, column (D))	15	60,952	
	16	Payments to affiliates (attach schedule)	16		
	17	Total expenses. Add lines 16 and 44, column (A)	17	752,970	
Net Assets	18	Excess or (deficit) for the year. Subtract line 17 from line 12	18	20,741	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	378,889	
	20	Other changes in net assets or fund balances (attach explanation) SEE STATEMENT 2	20	54,575	
	21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	454,205	

Part II Statement of Functional Expenses

All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.	(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22a Grants paid from donor advised funds (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22a			
22b Other grants and allocations (attach schedule) (cash \$ _____ non-cash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22b			
23 Specific assistance to individuals (attach schedule)	23			
24 Benefits paid to or for members (attach schedule)	24			
25a Compensation of current officers, directors, key employees, etc. listed in Part V-A	25a			
b Compensation of former officers, directors, key employees, etc. listed in Part V-B	25b			
c Compensation and other distributions, not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	25c			
26 Salaries and wages of employees not included on lines 25a, b, and c	337,798	298,710	28,974	10,114
27 Pension plan contributions not included on lines 25a, b, and c	27			
28 Employee benefits not included on lines 25a – 27	28			
29 Payroll taxes	50,765	43,844	5,562	1,359
30 Professional fundraising fees	30			
31 Accounting fees	25,777	15,827	3,767	6,183
32 Legal fees	32			
33 Supplies	89,972	88,300	1,065	607
34 Telephone	15,159	13,450	1,100	609
35 Postage and shipping	3,367	1,387	339	1,641
36 Occupancy	64,876	64,252		624
37 Equipment rental and maintenance	1,239	1,239		
38 Printing and publications	7,998	5,373	1,007	1,618
39 Travel	4,373	2,676	1,371	326
40 Conferences, conventions, and meetings	2,028	764	893	371
41 Interest	41			
42 Depreciation, depletion, etc. (attach schedule)	6,669	4,525	844	1,300
43 Other expenses not covered above (itemize):				
a SEE STATEMENT 3	43a 142,949	103,292	3,457	36,200
b	43b			
c	43c			
d	43d			
e	43e			
f	43f			
g	43g			
44 Total functional expenses. Add lines 22a through 43g. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44 752,970	643,639	48,379	60,952

Joint Costs. Check if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? Yes No

If "Yes," enter (i) the aggregate amount of these joint costs \$ _____ ; (ii) the amount allocated to Program services \$ _____ ;

(iii) the amount allocated to Management and general \$ _____ ; and (iv) the amount allocated to Fundraising \$ _____

Part III Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ▶ SEE STATEMENT 4	Program Service Expenses (Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)
All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.) a OUTREACH PROGRAM: TO COORDINATE AND PARTICIPATE IN PARADES, INFORMATIONAL BOOTHS AND OFFSITE ADOPTION SERVICES. (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	19,314
b CAT ADOPTION CENTER: TO PROVIDE ADOPTION COUNSELING AND CAT CARE FOR ABANDONED CATS. (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	35,691
c ANIMAL SHELTERS: TO PROVIDE CARE FOR LOCAL ANIMALS WHO ARE LOST OR ABANDONED, PROVIDE FUNDS FOR ANIMAL SHELTER IMPROVEMENTS AND PROVIDE ADOPTION OPPORTUNITIES. (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	356,045
d SPAY AND NEUTER SUITE: TO PROVIDE SPAYING AND NEUTERING SERVICES FOR ALL ANIMALS IN THE CARE OF WAIF. (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	21,317
e Other program services (attach schedule) SEE STMT 5 (Grants and allocations \$) If this amount includes foreign grants, check here ▶ <input type="checkbox"/>	211,272
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ▶	643,639

Part IV Balance Sheets (See the instructions.)

		(A) Beginning of year	(B) End of year
Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.			
Assets	45 Cash—non-interest-bearing		45
	46 Savings and temporary cash investments	240,721	46 264,149
	47a Accounts receivable	47a 7,103	
	b Less: allowance for doubtful accounts	47b	47c 7,103
	48a Pledges receivable	48a	
	b Less: allowance for doubtful accounts	48b	48c
	49 Grants receivable		49
	50a Receivables from current and former officers, directors, trustees, and key employees (attach schedule)		50a
	b Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) (att. schedule)		50b
	51a Other notes and loans receivable (attach schedule)	51a	
	b Less: allowance for doubtful accounts	51b	51c
	52 Inventories for sale or use	19,038	52 18,569
	53 Prepaid expenses and deferred charges	7,830	53 14,421
	54a Investments—publicly-traded securities		54a
	b Investments—other securities (attach schedule)		54b
55a Investments—land, buildings, and equipment: basis	55a 82,494		
b Less: accumulated depreciation (attach schedule) SEE STATEMENT 6	55b	55c 82,494	
56 Investments—other (attach schedule)		56	
57a Land, buildings, and equipment: basis	57a 194,083		
b Less: accumulated depreciation (attach schedule) SEE STATEMENT 7	57b 78,297	57c 115,786	
58 Other assets, including program-related investments (describe SEE STATEMENT 8)	2,500	58	
59 Total assets (must equal line 74). Add lines 45 through 58	446,925	59 502,522	
Liabilities	60 Accounts payable and accrued expenses	68,036	60 48,317
	61 Grants payable		61
	62 Deferred revenue		62
	63 Loans from officers, directors, trustees, and key employees (attach schedule)		63
	64a Tax-exempt bond liabilities (attach schedule)		64a
	b Mortgages and other notes payable (attach schedule)		64b
	65 Other liabilities (describe SEE STATEMENT 8)		65
	66 Total liabilities. Add lines 60 through 65	68,036	66 48,317
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.		
	67 Unrestricted	299,117	67 395,547
	68 Temporarily restricted	79,772	68 58,658
	69 Permanently restricted		69
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.		
	70 Capital stock, trust principal, or current funds		70
	71 Paid-in or capital surplus, or land, building, and equipment fund		71
	72 Retained earnings, endowment, accumulated income, or other funds		72
73 Total net assets or fund balances. Add lines 67 through 69 or lines 70 through 72. (Column (A) must equal line 19 and column (B) must equal line 21)	378,889	73 454,205	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73	446,925	74 502,522	

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued)

Table with 3 columns: Question (75a, 75b, 75c, 75d), Yes, No. Contains questions about officers, directors, trustees, and conflict of interest policy.

Part V-B Former Officers, Directors, Trustees, and Key Employees That Received Compensation or Other Benefits

(If any former officer, director, trustee, or key employee received compensation or other benefits (described below) during the year, list that person below and enter the amount of compensation or other benefits in the appropriate column. See the instructions.)

Table with 5 columns: (A) Name and address, (B) Loans and Advances, (C) Compensation, (D) Contributions to employee benefit plans, (E) Expense account and other allowances. Row 1 contains 'N/A'.

Part VI Other Information (See the instructions.)

Table with 3 columns: Question (76, 77, 78a, 78b, 79, 80a, 80b, 81a, 81b), Yes, No. Contains questions about organizational changes, tax returns, liquidation, and political expenditures.

Part VI Other Information (continued)		Yes	No
82a	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? 82a		X
b	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) 82b		
83a	Did the organization comply with the public inspection requirements for returns and exemption applications? 83a	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions? 83b		N/A
84a	Did the organization solicit any contributions or gifts that were not tax deductible? 84a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 84b		N/A
85a	501(c)(4), (5), or (6). Were substantially all dues nondeductible by members? 85a		N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 85b		N/A
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
c	Dues, assessments, and similar amounts from members 85c		
d	Section 162(e) lobbying and political expenditures 85d		
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices 85e		
f	Taxable amount of lobbying and political expenditures (line 85d less 85e) 85f		
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? 85g		N/A
h	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? 85h		N/A
86	501(c)(7) orgs. Enter: a Initiation fees and capital contributions included on line 12 86a		
b	Gross receipts, included on line 12, for public use of club facilities 86b		
87	501(c)(12) orgs. Enter: a Gross income from members or shareholders 87a		
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) 87b		
88a	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX 88a		X
b	At any time during the year, did the organization, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Part XI 88b		X
89a	501(c)(3) organizations. Enter: Amount of tax imposed on the organization during the year under: section 4911 0 ; section 4912 0 ; section 4955 0		
b	501(c)(3) and 501(c)(4) orgs. Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction 89b		X
c	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 0		
d	Enter: Amount of tax on line 89c, above, reimbursed by the organization 0		
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? 89e		X
f	All organizations. Did the organization acquire a direct or indirect interest in any applicable insurance contract? 89f		X
g	For supporting organizations and sponsoring organizations maintaining donor advised funds. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 89g		X
90a	List the states with which a copy of this return is filed WA		
b	Number of employees employed in the pay period that includes March 12, 2007 (See instructions.) 90b		18
91a	The books are in care of JANET OLSON Telephone no. 360-279-8551		
	Located at P.O. BOX 1362 ZIP + 4 98239		
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 91b		X
	If "Yes," enter the name of the foreign country		
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1 , Report of Foreign Bank and Financial Accounts.		

Part VI Other Information (continued)

c At any time during the calendar year, did the organization maintain an office outside of the United States? 91c Yes No
 If "Yes," enter the name of the foreign country ▶

92 Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041—Check here ▶
 and enter the amount of tax-exempt interest received or accrued during the tax year ▶ **92** |

Part VII Analysis of Income-Producing Activities (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a SHELTER PROGRAM REVENUE					179,614
b _____					
c _____					
d _____					
e _____					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments					
95 Interest on savings and temporary cash investments			14	8,522	
96 Dividends and interest from securities					
97 Net rental income or (loss) from real estate:					
a debt-financed property					
b not debt-financed property					
98 Net rental income or (loss) from personal property					
99 Other investment income					
100 Gain or (loss) from sales of assets other than inventory					
101 Net income or (loss) from special events					82,647
102 Gross profit or (loss) from sales of inventory			5	3,902	
103 Other revenue: a _____					
b OTHER REVENUE					237
c _____					
d _____					
e _____					
104 Subtotal (add columns (B), (D), and (E))		0		12,424	262,498
105 Total (add line 104, columns (B), (D), and (E))					274,922

Note: Line 105 plus line 1e, Part I, should equal the amount on line 12, Part I.

Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
93A	ADOPTION AND MEDICAL FEES CHARGED TO ANIMAL ADOPTEES.
93B	REVENUE CITY AND COUNTY TO MANAGE ANIMAL SHELTERS.

Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
N/A	%			
	%			
	%			
	%			

Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See the instructions.)

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

Note: If "Yes" to **(b)**, file Form 8870 and Form 4720 (see instructions).

Part XI Information Regarding Transfers To and From Controlled Entities. Complete only if the organization is a controlling organization as defined in section 512(b)(13).

106 Did the reporting organization make any transfers to a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.	Yes	No
		X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a			
b			
c			
Totals				

107 Did the reporting organization receive any transfers from a controlled entity as defined in section 512(b)(13) of the Code? If "Yes," complete the schedule below for each controlled entity.	Yes	No
		X

	(A) Name, address, of each controlled entity	(B) Employer ID Number	(C) Description of transfer	(D) Amount of transfer
a			
b			
c			
Totals				

108 Did the organization have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in question 107 above?	Yes	No

Please Sign Here	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. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.		
	Signature of officer _____	Date _____	
	Type or print name and title _____		

Paid Preparer's Use Only	Preparer's signature _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN (See Gen. Instr. X) P00176976
	Firm's name (or yours if self-employed), address, and ZIP + 4 WILLIAMS & NULLE, PLLC, CPA'S 407 PINE ST MOUNT VERNON, WA 98273-3853	EIN 91-0593897	Phone no. 360-336-6611	

**SCHEDULE A
(Form 990 or 990-EZ)**

Organization Exempt Under Section 501(c)(3)

(Except Private Foundation) and Section 501(e), 501(f), 501(k), 501(n),
or 4947(a)(1) Nonexempt Charitable Trust

OMB No. 1545-0047

2007

Supplementary Information-(See separate instructions.)

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

Department of the Treasury
Internal Revenue Service

Name of the organization
WHIDBEY ANIMALS' IMPROVEMENT FOUNDATION

Employer identification number
91-1488861

Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees
(See page 1 of the instructions. List each one. If there are 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 empl. benefit plans & deferred comp.	(e) Expense account and other allowances
NONE				
Total number of other employees paid over \$50,000 ▶				

Part II-A Compensation of the Five Highest Paid Independent Contractors for Professional Services
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services ▶		

Part II-B Compensation of the Five Highest Paid Independent Contractors for Other Services
(List each contractor who performed services other than professional services, whether individuals or firms. If there are none, enter "None." See page 2 of the instructions.)

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of other contractors receiving over \$50,000 for other services ▶		

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

Schedule A (Form 990 or 990-EZ) 2007

Part III Statements About Activities (See page 2 of the instructions.)

Yes No

1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ _____ (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.)	1		X
Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes" must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.				
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)			
a	Sale, exchange, or leasing of property?	2a		X
b	Lending of money or other extension of credit?	2b		X
c	Furnishing of goods, services, or facilities?	2c		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)? SEE PART V-A, FORM 990	2d	X	
e	Transfer of any part of its income or assets?	2e		X
3a	Did the organization make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how the organization determines that recipients qualify to receive payments.)	3a		X
b	Did the organization have a section 403(b) annuity plan for its employees?	3b		X
c	Did the organization receive or hold an easement for conservation purposes, including easements to preserve open space, the environment, historic land areas or historic structures? If "Yes," attach a detailed statement	3c		X
d	Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services?	3d		X
4a	Did the organization maintain any donor advised funds? If "Yes," complete lines 4b through 4g. If "No," complete lines 4f and 4g	4a		X
b	Did the organization make any taxable distributions under section 4966?	4b		
c	Did the organization make a distribution to a donor, donor advisor, or related person?	4c		
d	Enter the total number of donor advised funds owned at the end of the tax year ▶ _____			
e	Enter the aggregate value of assets held in all donor advised funds owned at the end of the tax year ▶ _____			
f	Enter the total number of separate funds or accounts owned at the end of the tax year (excluding donor advised funds included on line 4d) where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts ▶ _____		0	
g	Enter the aggregate value of assets held in all funds or accounts included on line 4f at the end of the tax year ▶ _____			0

Part IV Reason for Non-Private Foundation Status (See pages 4 through 8 of the instructions.)

I certify that the organization is not a private foundation because it is: (Please check only **ONE** applicable box.)

- 5 A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
- 6 A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
- 7 A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
- 8 A federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
- 9 A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). **Enter the hospital's name, city, and state** ►
- 10 An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the **Support Schedule** in Part IV-A.)
- 11a An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 11b A community trust. Section 170(b)(1)(A)(vi). (Also complete the **Support Schedule** in Part IV-A.)
- 12 An organization that normally receives: **(1) more than 33 1/3%** of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions-subject to certain exceptions, and **(2) no more than 33 1/3%** of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the **Support Schedule** in Part IV-A.)
- 13 An organization that is not controlled by any disqualified persons (other than foundation managers) and otherwise meets the requirements of section 509(a)(3). Check the box that describes the type of supporting organization:
 Type I Type II Type III-Functionally Integrated Type III-Other

Provide the following information about the supported organizations. (See page 8 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Employer identification number (EIN)	(c) Type of organization (described in lines 5 through 12 above or IRC section)	(d) Is the supported organization listed in the supporting organization's governing documents?		(e) Amount of support
			Yes	No	
Total					

- 14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 8 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting.

Calendar year (or fiscal year beginning in)	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	586,573	532,163	479,882	148,617	1,747,235
16 Membership fees received					0
17 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to the organization's charitable, etc., purpose	245,946	317,365	275,659	355,432	1,194,402
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, income from similar sources, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	6,815	3,959	2,323	4,443	17,540
19 Net income from unrelated business activities not included in line 18					0
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					0
21 The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge					0
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					0
23 Total of lines 15 through 22	839,334	853,487	757,864	508,492	2,959,177
24 Line 23 minus line 17	593,388	536,122	482,205	153,060	1,764,775
25 Enter 1% of line 23	8,393	8,535	7,579	5,085	

26 Organizations described on lines 10 or 11:	a Enter 2% of amount in column (e), line 24	26a	35,296
b Prepare a list for your records to show the name of and amount contributed by each person (other than a governmental unit or publicly supported organization) whose total gifts for 2003 through 2006 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts		26b	
c Total support for section 509(a)(1) test: Enter line 24, column (e)		26c	1,764,775
d Add: Amounts from column (e) for lines:	18 <u>17,540</u> 19 _____	26d	17,540
	22 _____ 26b _____	26e	1,747,235
e Public support (line 26c minus line 26d total)		26e	1,747,235
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))		26f	99.0061%

27 Organizations described on line 12: **a** For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." **Do not file this list with your return.** Enter the sum of such amounts for each year: N/A

(2006) _____ (2005) _____ (2004) _____ (2003) _____

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11b, as well as individuals.) **Do not file this list with your return.** After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: N/A

(2006) _____ (2005) _____ (2004) _____ (2003) _____

c Add: Amounts from column (e) for lines:	15 _____ 16 _____	27c	
	17 _____ 20 _____ 21 _____	27d	
d Add: Line 27a total _____ and line 27b total _____		27e	
e Public support (line 27c total minus line 27d total)		27e	
f Total support for section 509(a)(2) test: Enter amount from line 23, column (e)		27f	
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))		27g	%
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))		27h	%

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2003 through 2006, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. **Do not file this list with your return.** Do not include these grants in line 15.

Part V Private School Questionnaire (See page 9 of the instructions.)
(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		N/A	Yes	No
29	Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body?	29		
30	Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	30		
31	Has the organization publicized its racially nondiscriminatory policy through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves?	31		
If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)				
32	Does the organization maintain the following:			
a	Records indicating the racial composition of the student body, faculty, and administrative staff?	32a		
b	Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis?	32b		
c	Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships?	32c		
d	Copies of all material used by the organization or on its behalf to solicit contributions?	32d		
If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)				
33	Does the organization discriminate by race in any way with respect to:			
a	Students' rights or privileges?	33a		
b	Admissions policies?	33b		
c	Employment of faculty or administrative staff?	33c		
d	Scholarships or other financial assistance?	33d		
e	Educational policies?	33e		
f	Use of facilities?	33f		
g	Athletic programs?	33g		
h	Other extracurricular activities?	33h		
If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)				
34a	Does the organization receive any financial aid or assistance from a governmental agency?	34a		
b	Has the organization's right to such aid ever been revoked or suspended?	34b		
If you answered "Yes" to either 34a or b, please explain using an attached statement.				
35	Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," attach an explanation	35		

Part VI-A Lobbying Expenditures by Electing Public Charities (See page 11 of the instructions.)
 (To be completed **ONLY** by an eligible organization that filed Form 5768) **N/A**

Check **a** if the organization belongs to an affiliated group. Check **b** if you checked "a" and "limited control" provisions apply.

Limits on Lobbying Expenditures		(a) Affiliated group totals	(b) To be completed for all electing organizations
(The term "expenditures" means amounts paid or incurred.)			
36 Total lobbying expenditures to influence public opinion (grassroots lobbying)	36		
37 Total lobbying expenditures to influence a legislative body (direct lobbying)	37		
38 Total lobbying expenditures (add lines 36 and 37)	38		
39 Other exempt purpose expenditures	39		
40 Total exempt purpose expenditures (add lines 38 and 39)	40		
41 Lobbying nontaxable amount. Enter the amount from the following table-			
If the amount on line 40 is- The lobbying nontaxable amount is-			
Not over \$500,000	20% of the amount on line 40		
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
Over \$17,000,000	\$1,000,000		
42 Grassroots nontaxable amount (enter 25% of line 41)	42		
43 Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36	43		
44 Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38	44		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

4-Year Averaging Period Under Section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.
 See the instructions for lines 45 through 50 on page 13 of the instructions.)

Calendar year (or fiscal year beginning in) ▶	Lobbying Expenditures During 4-Year Averaging Period				
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	(e) Total
45 Lobbying nontaxable amount					
46 Lobbying ceiling amount (150% of line 45(e))					
47 Total lobbying expenditures					
48 Grassroots nontaxable amount					
49 Grassroots ceiling amount (150% of line 48(e))					
50 Grassroots lobbying expenditures					

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 14 of the instructions.) **N/A**

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:	Yes	No	Amount
a Volunteers			
b Paid staff or management (Include compensation in expenses reported on lines c through h .)			
c Media advertisements			
d Mailings to members, legislators, or the public			
e Publications, or published or broadcast statements			
f Grants to other organizations for lobbying purposes			
g Direct contact with legislators, their staffs, government officials, or a legislative body			
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means			
i Total lobbying expenditures (Add lines c through h .)			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Name of organization
**WHIDBEY ANIMALS' IMPROVEMENT
FOUNDATION**

Employer identification number
91-1488861

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3) (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).

Name of organization WHIDBEY ANIMALS' IMPROVEMENT	Employer identification number 91-1488861
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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
<u>1</u>	<u>JOHN & MERRITT ATWOOD</u> <u>6560 S. DIRT ROAD</u> <hr/> <u>FREELAND</u> WA 98249	\$ <u>10,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
<u>2</u>	<u>HANSEL FOUNDATION</u> <u>P.O. BOX 1322</u> <hr/> <u>FREELAND</u> WA 98249	\$ <u>30,000</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
_____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Federal Statements

Statement 1 - Form 990, Line 10c - Sales of Inventory

Description	Gross Sales	COGS	Gross Profit
THRIFT STORE OPERATIONS	\$ 291,526	\$ 287,624	\$ 3,902
TOTAL	\$ 291,526	\$ 287,624	\$ 3,902

Statement 2 - Form 990, Line 20 - Other Changes in Net Assets or Fund Balances

Description	Amount
TEMPORARILY RESTRICTED SUPPORT	\$ 54,575
TOTAL	\$ 54,575

Federal Statements

Statement 3 - Form 990, Part II, Line 43 - Other Functional Expenses

Description	Total Expenses	Program Service	Mgt & General	Fund-Raising
EXPENSES	\$	\$	\$	\$
ADVERTISING	6,064	2,732	1,000	2,332
AUTO EXPENSE	1,398	1,378	20	
B & O TAXES	3,610	3,557	53	
BANK CHARGES	7,830	4,794	63	2,973
DEVELOPMENT & EVENTS EXPENSE	28,384	426		27,958
IN-KIND EXPENSE	18,260	16,956		1,304
INSURANCE	9,760	7,823	1,919	18
LICENSES AND PERMITS	596	551	45	
MISCELLANEOUS	3,414	3,298	116	
OUTSIDE SERVICES	1,158		119	1,039
SMALL EQUIPMENT	7,007	6,309	122	576
UTILITIES	21,002	21,002		
VETERINARY FEES	34,466	34,466		
TOTAL	\$ 142,949	\$ 103,292	\$ 3,457	\$ 36,200

Statement 4 - Form 990, Part III - Organization's Primary Exempt PurposeDescription

TO OPERATE A MINIMUM-KILL ANIMAL SHELTER, TO PROVIDE THE BEST CARE POSSIBLE WHILE ACTIVELY SEEKING ADOPTIVE HOMES FOR THE ANIMALS IN TRUST, TO DEVELOP PROGRAMS TO BENEFIT NEEDY COMPANION ANIMALS, TO EDUCATE THE COMMUNITY TO TREAT COMPANION ANIMALS WITH GREATER RESPECT AND COMPASSION, TO REDUCE OVERPOPULATION OF UNWANTED ANIMALS THROUGH SPAY AND NEUTER PROGRAMS AND EDUCATION.

Statement 5 - Form 990, Part III, Line e - Other Program ServicesDescription

THRIFT STORES

Federal Statements

Statement 6 - Form 990, Part IV, Line 55 - Investments in Land, Buildings, and Equipment

Description	Beginning of Year	Accum Depr	End of Year	Accum Depr
LAND	\$ 82,502	\$	\$ 82,494	\$
TOTAL	<u>\$ 82,502</u>	<u>\$ 0</u>	<u>\$ 82,494</u>	<u>\$ 0</u>

Statement 7 - Form 990, Part IV, Line 57 - Land, Buildings, and Equipment

Description	Beginning of Year	Accum Depr	End of Year	Accum Depr
EQUIPMENT AND FIXTURES	\$ 94,616	\$ 71,627	\$ 94,616	\$ 78,297
CONSTRUCTION IN PROGRESS	64,262		99,467	
TOTAL	<u>\$ 158,878</u>	<u>\$ 71,627</u>	<u>\$ 194,083</u>	<u>\$ 78,297</u>

Statement 8 - Form 990, Part IV, Line 58 - Other Assets

Description	Beginning of Year	End of Year
EMPLOYEE RECEIVABLE	\$ 2,500	\$
TOTAL	<u>\$ 2,500</u>	<u>\$ 0</u>

Federal Statements

Statement 9 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees

<u>Name and Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
PAMELA HILL-KEEVA P.O. BOX 665 COUPEVILLE WA 98239	PRESIDENT	4	0	0	0
DON ROWAN 531 2ND STREET LANGELY WA 98260	V-PRESIDENT	4	0	0	0
KIT MARET 839 NW BEACH ROAD COUPEVILLE WA 98239	SECRETARY	4	0	0	0
MARY ANN SPEIR 1281 SW LOPEZ DR. OAK HARBOR WA 98277	DIRECTOR	4	0	0	0
DIANE JOHNSON P.O. BOX 670 FREELAND WA 98249	ADVISORY	2	0	0	0
DR. LARK GUSTAFSON 107 S. MAIN ST COUPEVILLE WA 98239	ADVISORY	2	0	0	0
DR. DAVID PARENT 5523 HARBOR AVE. FREELAND WA 98249	ADVISORY	2	0	0	0
DR. KEN LEAMAN 107 S MAIN ST. COUPEVILLE WA 98239	ADVISORY	2	0	0	0
DR. M. SCHMIDTKE 11197 SR 525 CLINTON WA 98236	ADVISORY	2	0	0	0
DR. ROBERT BISHOP 2078 PINWOOD WAY	ADVISORY	2	0	0	0

Federal Statements

Statement 9 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

<u>Name and Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
OAK HARBOR WA 98277					
ELIZABETH HUSBAND 1376 E BELLEWOOD LN FREELAND WA 98249	ADVISORY	2	0	0	0
PAT BUCHANAN 5697 CASPER COURT LANGELY WA 98260	ADVISORY	2	0	0	0
DOMINIQUE EMERSON P.O. BOX 929 LANGELY WA 98260	COMMITTEE	2	0	0	0
GORDON GRIESBACH 2870 E ANDREASON RD LANGELY WA 98260	COMMITTEE	2	0	0	0
LINDA GRIESBACH 2870 E ANDREASON RD LANGELY WA 98260	COMMITTEE	2	0	0	0
JAN BELL P.O. BOX 1087 FREELAND WA 98249	COMMITTEE	2	0	0	0
SUSAN LINDSEY 2679 TWIN PINE RD LANGELY WA 98260	COMMITTEE	2	0	0	0
BARBARA SEITL 410 EDGECLIFF DRIVE LANGELY WA 98260	COMMITTEE	2	0	0	0
JULIE LAUDERDALE 1991 KAREN RD OAK HARBOR WA 98277	EXEC DIREC.	40	1,846	0	0

Federal Statements

Statement 9 - Form 990, Part V-A - List of Officers, Directors, Trustees, and Key Employees (continued)

<u>Name and Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
CHARLEEN BIBICH 20168 SR 20 COUPEVILLE WA 98239	SHELTER MGR	40	1,538	0	0
LINDA FAUTH 3075 SARATOGA ROAD LANGLEY WA 98260	CLINIC MGR	4	65	0	0
MARY ANNA CUMMINGS 1036 SE PIONEER WAY OAK HARBOR WA 98277	OHTS MGR	40	1,038	0	0
MARY DICKMAN 1651 MAIN STREET FREELAND WA 98249	F'TS MGR	40	951	0	0