

Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2005

Department of the Treasury Internal Revenue Service

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

Open to Public Inspection

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

A For the 2005 calendar year, or tax year beginning and ending

B Check if applicable

- Address change, Name change, Initial return, Final return, Amended return, Application pending

Please use IRS label or print or type See Specific Instructions

C Name of organization: WHATCOM MUSEUM SOCIETY INC, 121 PROSPECT ST, BELLINGHAM WA 98225-4497

D Employer identification number: 91-6174771, E Telephone number: 360 676 6981, F Accounting method: Accrual

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? No, H(b) If "Yes," enter number of affiliates: N/A, H(c) Are all affiliates included? No, H(d) Is this a separate return filed by an organization covered by a group ruling? No, I Group Exemption Number: N/A

G Website: N/A

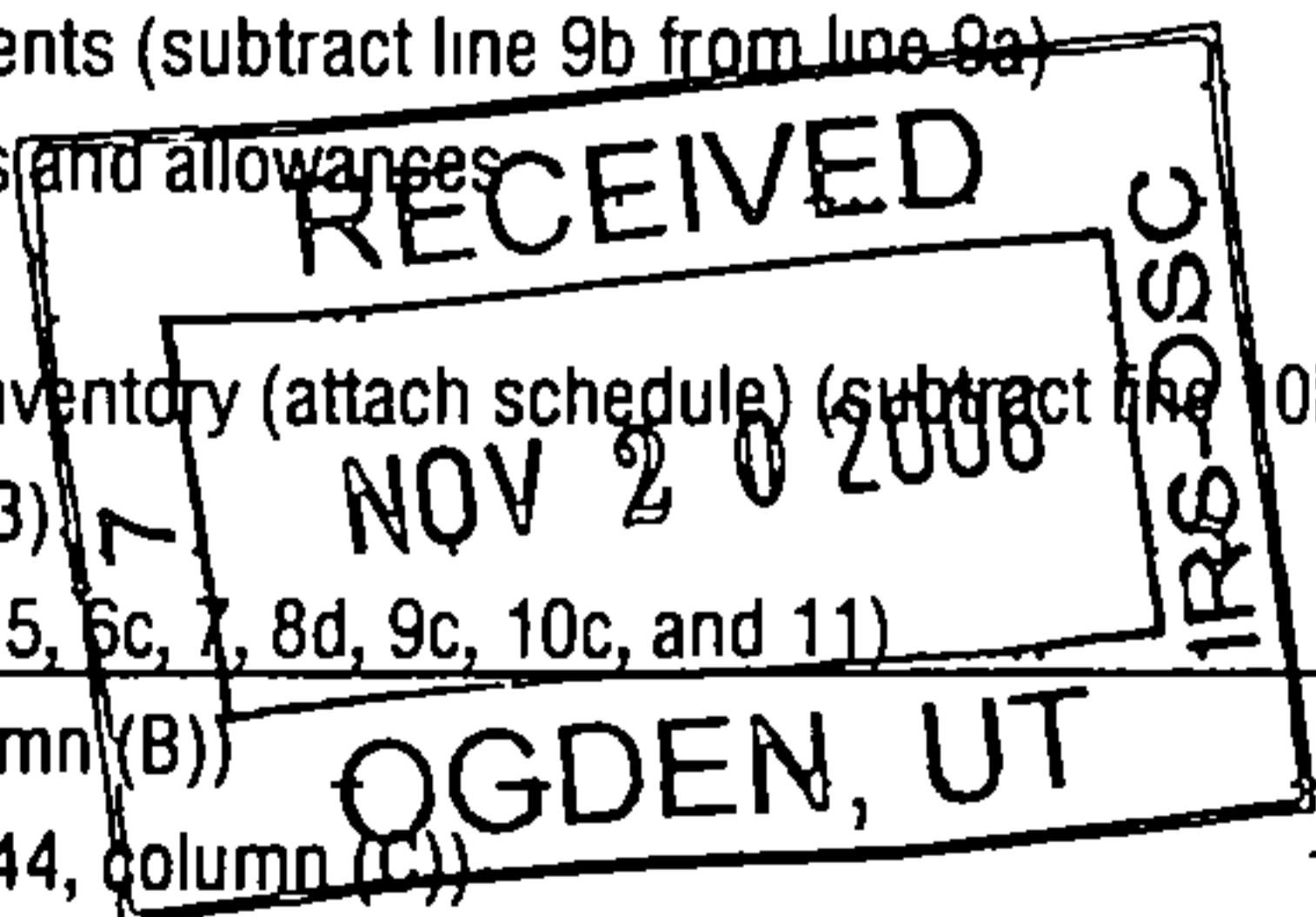
J Organization type: 501(c)(3)

K Check here if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12: 1,894,505.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances

Table with 21 rows for Revenue, Expenses, and Assets. Includes sub-rows for contributions, program service revenue, membership dues, interest, dividends, gross rents, sales of assets, special events, and inventory. Total revenue is 1,035,735 and total expenses is 593,081.



SCANNED DEC 16 2006

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.

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
22 Grants and allocations (attach schedule) (cash \$ <u>0</u> noncash \$ <u>0</u>) If this amount includes foreign grants, check here <input type="checkbox"/>				
23 Specific assistance to individuals (attach schedule)	15,446.	15,446.		
24 Benefits paid to or for members (attach schedule)				
25 Compensation of officers, directors, etc	15,738.	0.	14,243.	1,495.
26 Other salaries and wages	259,888.	122,316.	98,356.	39,216.
27 Pension plan contributions				
28 Other employee benefits				
29 Payroll taxes				
30 Professional fundraising fees				
31 Accounting fees				
32 Legal fees				
33 Supplies	15,185.	13,031.	1,770.	384.
34 Telephone	1,617.	1,617.		
35 Postage and shipping	10,740.	3,011.	1,470.	6,259.
36 Occupancy	5,753.	5,753.		
37 Equipment rental and maintenance	8,766.	2,156.	1,146.	5,464.
38 Printing and publications	52,399.	25,887.	7,466.	19,046.
39 Travel	3,808.	2,617.	1,052.	139.
40 Conferences, conventions, and meetings				
41 Interest				
42 Depreciation, depletion, etc (attach schedule)	61,461.	60,777.	684.	
43 Other expenses not covered above (itemize)				
a INSURANCE	7,910.	958.	6,952.	
b OFFICE EXPENSES	2,606.	528.	1,509.	569.
c PROFESSIONAL SERVICES	82,124.	41,046.	28,936.	12,142.
d OTHER EXPENSES	15,917.	8,799.	4,025.	3,093.
e MEALS AND				
f ENTERTAINMENT	7,466.	3,000.	3,412.	1,054.
g ADVERTISING	26,257.	1,679.	11,101.	13,477.
44 Total functional expenses. Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	593,081.	308,621.	182,122.	102,338.

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 \$ N/A; (ii) the amount allocated to Program services \$ N/A; (iii) the amount allocated to Management and general \$ N/A; and (iv) the amount allocated to Fundraising \$ N/A

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? ► <u>SEE STATEMENT 5</u>	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 CHILDREN'S MUSEUM- ENRICHMENT OF CHILDREN'S LIVES THROUGH PARTICIPATION IN THE ARTS & SCIENCES THROUGH EXHIBITS AND PROGRAMS DESIGNED TO PROVIDE HANDS-ON ARTIFACT AND EXPERIENCE-BASED LEARNING.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	135,338.
b ARCHIVES, COLLECTIONS & EXHIBITS - CATALOGING AND DISPLAY OF ARTWORK, PHOTOS, AND ARTIFACTS OF HISTORICAL AND/OR ARTISTIC SIGNIFICANCE.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	138,644.
c PUBLIC EVENTS & EDUCATION- CLASSES, LECTURES, & PRESENTATIONS DESIGNED TO INFORM PARTICIPANTS ABOUT REGIONAL HISTORY & ARTISTRY, SCIENCE & THE NATURAL WORLD.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	19,193.
d RESEARCH GRANTS - PROVIDES FUNDS NEEDED FOR RECIPIENTS TO FURTHER STUDY AND DOCUMENT IMPORTANT NATIVE AMERICAN HISTORICAL FINDINGS.	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	15,446.
e Other program services (attach schedule)	
(Grants and allocations \$) If this amount includes foreign grants, check here ► <input type="checkbox"/>	
f Total of Program Service Expenses (should equal line 44, column (B), Program services) ►	308,621.

Form 990 (2005)

Part IV Balance Sheets (See the instructions.)

Note: Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
Assets	45 Cash - non-interest-bearing	95,231.	45	33,905.
	46 Savings and temporary cash investments	193,883.	46	343,282.
	47 a Accounts receivable	47a 4,366.		
	b Less: allowance for doubtful accounts	47b	9,414.	47c 4,366.
	48 a Pledges receivable	48a 32,385.		
	b Less: allowance for doubtful accounts	48b		48c 32,385.
	49 Grants receivable			49
	50 Receivables from officers, directors, trustees, and key employees			50
	51 a Other notes and loans receivable	51a		
	b Less: allowance for doubtful accounts	51b		51c
	52 Inventories for sale or use		9,412.	52 15,741.
	53 Prepaid expenses and deferred charges		6,128.	53 8,662.
	54 Investments - securities	STMT 7 <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV	1,161,852.	54 1,546,907.
	55 a Investments - land, buildings, and equipment basis	55a		
	b Less: accumulated depreciation	55b		55c
56 Investments - other	SEE STATEMENT 6	88,000.	56 161,525.	
57 a Land, buildings, and equipment basis	57a 2,514,557.			
b Less: accumulated depreciation	57b 856,373.	1,719,643.	57c 1,658,184.	
58 Other assets (describe <input type="checkbox"/>)			58	
59 Total assets (must equal line 74. Add lines 45 through 58)		3,283,563.	59 3,804,957.	
Liabilities	60 Accounts payable and accrued expenses	24,324.	60 31,037.	
	61 Grants payable		61	
	62 Deferred revenue		62	
	63 Loans from officers, directors, trustees, and key employees		63	
	64 a Tax-exempt bond liabilities		64a	
	b Mortgages and other notes payable		64b	
	65 Other liabilities (describe <input type="checkbox"/>)		65	
66 Total liabilities. Add lines 60 through 65)		24,324.	66 31,037.	
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	2,312,150.	67 2,284,287.	
	68 Temporarily restricted	444,934.	68 927,538.	
	69 Permanently restricted	502,155.	69 562,095.	
	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; column (B) must equal line 21)		3,259,239.	73 3,773,920.	
74 Total liabilities and net assets/fund balances. Add lines 66 and 73		3,283,563.	74 3,804,957.	

Part V-A Current Officers, Directors, Trustees, and Key Employees (continued) Yes No

75 a Enter the total number of officers, directors, and trustees permitted to vote on organization business at board meetings 0
b Are any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, related to each other through family or business relationships? If "Yes," attach a statement that identifies the individuals and explains the relationship(s) 75b X
c Do any officers, directors, trustees, or key employees listed in Form 990, Part V-A, or highest compensated employees listed in Schedule A, Part I, or highest compensated professional and other independent contractors listed in Schedule A, Part II-A or II-B, receive compensation from any other organizations, whether tax exempt or taxable, that are related to this organization through common supervision or common control? SEE STATEMENT 9 75c X
Note. Related organizations include section 509(a)(3) supporting organizations
If "Yes," attach a statement that identifies the individuals, explains the relationship between this organization and the other organization(s), and describes the compensation arrangements, including amounts paid to each individual by each related organization.
d Does the organization have a written conflict of interest policy? 75d X

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 & deferred compensation plans, (E) Expense account and other allowances. Row 1 contains 'NONE' in column A.

Part VI Other Information (See the instructions.) Yes No

76 Did the organization engage in any activity not previously reported to the IRS? If "Yes," attach a detailed description of each activity 76 X
77 Were any changes made in the organizing or governing documents but not reported to the IRS? If "Yes," attach a conformed copy of the changes 77 X
78 a Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return? 78a X
b If "Yes," has it filed a tax return on Form 990-T for this year? N/A 78b
79 Was there a liquidation, dissolution, termination, or substantial contraction during the year? If "Yes," attach a statement 79 X
80 a Is the organization related (other than by association with a statewide or nationwide organization) through common membership, governing bodies, trustees, officers, etc., to any other exempt or nonexempt organization? 80a X
b If "Yes," enter the name of the organization CITY OF BELLINGHAM and check whether it is [X] exempt or [] nonexempt
81 a Enter direct or indirect political expenditures (See line 81 instructions) 81a 0
b Did the organization file Form 1120-POL for this year? 81b X

Part VI Other Information (continued)		Yes	No
82 a	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?		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		N/A
83 a	Did the organization comply with the public inspection requirements for returns and exemption applications?	X	
b	Did the organization comply with the disclosure requirements relating to quid pro quo contributions?	X	
84 a	Did the organization solicit any contributions or gifts that were not tax deductible?		N/A
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		N/A
85	501(c)(4), (5), or (6) organizations a Were substantially all dues nondeductible by members?		N/A
b	Did the organization make only in-house lobbying expenditures of \$2,000 or less? 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.		N/A
c	Dues, assessments, and similar amounts from members		85c N/A
d	Section 162(e) lobbying and political expenditures		85d N/A
e	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices		85e N/A
f	Taxable amount of lobbying and political expenditures (line 85d less 85e)		85f N/A
g	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f?		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?		N/A
86	501(c)(7) organizations. Enter: a Initiation fees and capital contributions included on line 12		86a N/A
b	Gross receipts, included on line 12, for public use of club facilities		86b N/A
87	501(c)(12) organizations. Enter: a Gross income from members or shareholders		87a N/A
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		87b N/A
88	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entry disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX		88 X
89 a	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) organizations 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.
90 a	List the states with which a copy of this return is filed		NONE
b	Number of employees employed in the pay period that includes March 12, 2005	90b	25
91 a	The books are in care of THE ORGANIZATION Telephone no. 360 676 6981 Located at 121 PROSPECT, BELLINGHAM, WA ZIP + 4 98225		
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)? If "Yes," enter the name of the foreign country N/A See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.	91b	X
c	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country N/A	91c	X
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	N/A

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

	Unrelated business income		Excluded by section 512, 513 or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclu- sion code	(D) Amount	
Note: Enter gross amounts unless otherwise indicated					
93 Program service revenue:					
a PUBLIC EVT & ADMISSIONS					73,128.
b					
c					
d					
e					
f Medicare/Medicaid payments					
g Fees and contracts from government agencies					
94 Membership dues and assessments			14		79,688.
95 Interest on savings and temporary cash investments					
96 Dividends and interest from securities			14		49,484.
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	523000	6,638.			
101 Net income or (loss) from special events			02	28,192.	
102 Gross profit or (loss) from sales of inventory			03	29,932.	
103 Other revenue:					
a MISCELLANEOUS			14		6,437.
b					
c					
d					
e					
104 Subtotal (add columns (B), (D), and (E))		6,638.		58,124.	208,737.
105 Total (add line 104, columns (B), (D), and (E))					273,499.

Note: Line 105 plus line 1d, 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).
▼	SEE STATEMENT 10

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).

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: *[Signature]* Date: 11/14/06 Type or print name and title: _____

Paid Preparer's Use Only: Preparer's signature: *[Signature]* Date: 11/13/06 Check if self-employed: Preparer's SSN or PTIN: P80072967

Firm's name (or yours if self-employed), address, and ZIP + 4: ORPHALEE SMITH, CPA
P. O. BOX 2980
BELLINGHAM, WA 98227

EIN: _____ Phone no.: _____

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

Supplementary Information-(See separate instructions.)

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

2005

Name of the organization: **WHATCOM MUSEUM SOCIETY INC** Employer identification number: **91 6174771**

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 employee benefit plans & deferred compensation	(e) Expense account and other allowances
NO ONE PAID OVER \$50,000				
Total number of other employees paid over \$50,000	▶ 0			

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
NO ONE PAID OVER \$50,000		0.
Total number of others receiving over \$50,000 for professional services	▶ 0	

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	▶ 0	

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.) 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.		X
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?		X
b	Lending of money or other extension of credit?		X
c	Furnishing of goods, services, or facilities?		X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?	X	
e	Transfer of any part of its income or assets?		X
3 a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.)	X	
	SEE STATEMENT 11		
b	Do you have a section 403(b) annuity plan for your employees?		X
c	During the year, did the organization receive a contribution of qualified real property interest under section 170(h)?		X
4 a	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds?		X
b	Do you provide credit counseling, debt management, credit repair, or debt negotiation services?		X

Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)

- 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 supports organizations described in: (1) lines 5 through 12 above; or (2) sections 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). Check the box that describes the type of supporting organization: ► Type 1 Type 2 Type 3

Provide the following information about the supported organizations. (See page 6 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above

14 An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 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) 2004	(b) 2003	(c) 2002	(d) 2001	(e) Total
15 Gifts, grants, and contributions received. (Do not include unusual grants. See line 28.)	339,909.	212,605.	143,474.	119,903.	815,891.
16 Membership fees received	74,595.	70,935.	74,280.	59,249.	279,059.
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	100,664.	354,506.	178,429.	133,909.	767,508.
18 Gross income from interest, dividends, amounts received from payments on securities loans (section 512(a)(5)), rents, royalties, and unrelated business taxable income (less section 511 taxes) from businesses acquired by the organization after June 30, 1975	35,993.	34,634.	16,256.	42,849.	129,732.
19 Net income from unrelated business activities not included in line 18					
20 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf					
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					
22 Other income. Attach a schedule. Do not include gain or (loss) from sale of capital assets					
23 Total of lines 15 through 22	551,161.	672,680.	412,439.	355,910.	1,992,190.
24 Line 23 minus line 17	450,497.	318,174.	234,010.	222,001.	1,224,682.
25 Enter 1% of line 23	5,512.	6,727.	4,124.	3,559.	
26 Organizations described on lines 10 or 11: a Enter 2% of amount in column (e), line 24					26a 24,494.
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 2001 through 2004 exceeded the amount shown in line 26a. Do not file this list with your return. Enter the total of all these excess amounts					26b 188,949.
c Total support for section 509(a)(1) test: Enter line 24, column (e)					26c 1,224,682.
d Add: Amounts from column (e) for lines: 18 129,732. 19 _____ 22 _____ 26b 188,949.					26d 318,681.
e Public support (line 26c minus line 26d total)					26e 906,001.
f Public support percentage (line 26e (numerator) divided by line 26c (denominator))					26f 73.9785%
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					
(2004) (2003) (2002) (2001)					
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					
(2004) (2003) (2002) (2001)					
c Add: Amounts from column (e) for lines: 15 _____ 16 _____ 17 _____ 20 _____ 21 _____					27c N/A
d Add: Line 27a total _____ and line 27b total _____					27d N/A
e Public support (line 27c total minus line 27d total)					27e N/A
f Total support for section 509(a)(2) test: Enter amount on line 23, column (e) 27f N/A					27f N/A
g Public support percentage (line 27e (numerator) divided by line 27f (denominator))					27g N/A %
h Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator))					27h N/A %
28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 2001 through 2004, 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 7 of the instructions.)

N/A

(To be completed ONLY by schools that checked the box on line 6 in Part IV)

		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?		
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?		
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? If "Yes," please describe; if "No," please explain. (If you need more space, attach a separate statement.)		
<hr/> <hr/> <hr/>			
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? If you answered "No" to any of the above, please explain. (If you need more space, attach a separate statement.)	32d	
<hr/> <hr/> <hr/>			
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? If you answered "Yes" to any of the above, please explain. (If you need more space, attach a separate statement.)	33h	
<hr/> <hr/> <hr/>			
34 a	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? If you answered "Yes" to either 34a or b, please explain using an attached statement.	34b	
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 9 of the instructions.)

N/A

(To be completed ONLY by an eligible organization that filed Form 5768)

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 (The term "expenditures" means amounts paid or incurred.)		(a) Affiliated group totals	(b) To be completed for ALL electing organizations	
		N/A		
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 -	41		
	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 11 of the instructions.)

Calendar year (or fiscal year beginning in)	Lobbying Expenditures During 4-Year Averaging Period				N/A
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	(e) Total
45	Lobbying nontaxable amount				0.
46	Lobbying ceiling amount (150% of line 45(e))				0.
47	Total lobbying expenditures				0.
48	Grassroots nontaxable amount				0.
49	Grassroots ceiling amount (150% of line 48(e))				0.
50	Grassroots lobbying expenditures				0.

Part VI-B Lobbying Activity by Nonelecting Public Charities

(For reporting only by organizations that did not complete Part VI-A) (See page 11 of the instructions.)

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		X	
b Paid staff or management (Include compensation in expenses reported on lines c through h.)		X	
c Media advertisements		X	
d Mailings to members, legislators, or the public		X	
e Publications, or published or broadcast statements		X	
f Grants to other organizations for lobbying purposes		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means		X	
i Total lobbying expenditures (Add lines c through h.)			0.

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

FORM 990 GAIN (LOSS) FROM PUBLICLY TRADED SECURITIES STATEMENT 1

DESCRIPTION	GROSS SALES PRICE	COST OR OTHER BASIS	EXPENSE OF SALE	NET GAIN OR (LOSS)
MARKETABLE SECURITIES	840,261.	833,623.	0.	6,638.
TO FORM 990, PART I, LINE 8	840,261.	833,623.	0.	6,638.

FORM 990 SPECIAL EVENTS AND ACTIVITIES STATEMENT 2

DESCRIPTION OF EVENT	GROSS RECEIPTS	CONTRIBUT. INCLUDED	GROSS REVENUE	DIRECT EXPENSES	NET INCOME
	34,141.		34,141.	5,949.	28,192.
TO FM 990, PART I, LINE 9	34,141.		34,141.	5,949.	28,192.

FORM 990

INCOME AND COST OF GOODS SOLD
INCLUDED ON PART I, LINE 10

STATEMENT 3

INCOME

1. GROSS RECEIPTS	49,130	
2. RETURNS AND ALLOWANCES		
3. LINE 1 LESS LINE 2		49,130
4. COST OF GOODS SOLD (LINE 13)	19,198	
5. GROSS PROFIT (LINE 3 LESS LINE 4)		29,932

COST OF GOODS SOLD

6. INVENTORY AT BEGINNING OF YEAR	9,412	
7. MERCHANDISE PURCHASED	25,530	
8. COST OF LABOR		
9. MATERIALS AND SUPPLIES		
10. OTHER COSTS		
11. ADD LINES 6 THROUGH 10		34,942
12. INVENTORY AT END OF YEAR	15,744	
13. COST OF GOODS SOLD (LINE 11 LESS LINE 12)		19,198

FORM 990 OTHER CHANGES IN NET ASSETS OR FUND BALANCES STATEMENT 4

DESCRIPTION	AMOUNT
UNREALIZED GAINS AND LOSSES	72,029.
ROUNDING	<1.>
TOTAL TO FORM 990, PART I, LINE 20	72,028.

FORM 990 STATEMENT OF ORGANIZATION'S PRIMARY EXEMPT PURPOSE PART III STATEMENT 5

EXPLANATION

THE SOCIETY'S MISSION IS TO PROMOTE THE INTERESTS OF THE WHATCOM MUSEUM OF HISTORY AND ART. ITS ACTIVITIES ARE CULTURAL, EDUCATIONAL, AND CHARITABLE. THE SOCIETY ALSO OWNS AND OPERATES THE WHATCOM CHILDREN'S MUSEUM.

FORM 990 OTHER INVESTMENTS STATEMENT 6

DESCRIPTION	VALUATION METHOD	AMOUNT
CONIFER MEDFORD LIMITED PARTNERSHIP INTEREST	COST	161,525.
TOTAL TO FORM 990, PART IV, LINE 56, COLUMN B		161,525.

FORM 990 OTHER SECURITIES STATEMENT 7

SECURITY DESCRIPTION	COST/FMV	OTHER SECURITIES
FIXED INCOME SECURITIES	FMV	713,795.
EQUITY SECURITIES	FMV	833,112.
TO FORM 990, LINE 54, COL B		1,546,907.

FORM 990 PART V-A - LIST OF OFFICERS, DIRECTORS, TRUSTEES AND KEY EMPLOYEES STATEMENT 8

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
THOMAS LIVESAY 276 BRIAR RD BELLINGHAM, WA 98225	EXECUTIVE DIRECTOR 40.00	0.	0.	0.
BOARD OF DIRECTORS ALL MAY BE REACHED AT: 121 PROSPECT STREET BELLINGHAM, WA 98225	0.00	0.	0.	0.
SUSAN EDGAR				
RUSS LEE				
ALEXANDRA WILEY				
RICHARD EGGEMEYER				
CHRIS FOSS				
STAN MILLER				
SUSAN BENNERSTROM				
JEFFREY MCCLURE				

JON SITKIN	0.00	0.	0.	0.
JACK BERNSTEIN	0.00	0.	0.	0.
CHERIE WALKER	0.00	0.	0.	0.
BRUCE MCCORMACK	0.00	0.	0.	0.
CHUCK SNYDER	0.00	0.	0.	0.
CAROL EDWARDS	0.00	0.	0.	0.
TASHA DUNN	0.00	0.	0.	0.
ANN KAISER	0.00	0.	0.	0.
ANDREA EVANS	0.00	0.	0.	0.
PRISCILLA BROTHERTON	0.00	0.	0.	0.
FRANCES DARBY	0.00	0.	0.	0.
TOTALS INCLUDED ON FORM 990, PART V-A		<u>0.</u>	<u>0.</u>	<u>0.</u>

FORM 990 PART V-A OFFICER COMPENSATION FROM STATEMENT 9
RELATED ORGANIZATIONS

OFFICER'S NAME	COMPENSATION	EMPLOYEE BENEFIT PLAN CONTRIBUTION	EXPENSE ACCOUNT
THOMAS LIVESAY	100,690.	21,438.	

NAME OF RELATED ORGANIZATION	EMPLOYER ID NUMBER
CITY OF BELLINGHAM	91-6001229

RELATIONSHIP BETWEEN ORGANIZATIONS
SOCIETY AGREES TO PARTIALLY PAY SALARY.

COMPENSATION DESCRIPTION
EXECUTIVE DIRECTOR IS PAID BY CITY OF BELLINGHAM, WHATCOM MUSEUM SOCIETY AGREED TO SUBSIDIZE CITY TO A CERTAIN EXTENT IN NEGOTIATION OF INITIAL HIRING.

FORM 990 PART VIII - RELATIONSHIP OF ACTIVITIES TO STATEMENT 10
ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE	EXPLANATION OF RELATIONSHIP OF ACTIVITIES
93A	MISC REV IS MOSTLY ART & PUBLICATIONS SALE COMMISSIONS WHICH PROVIDE AN AVENUE FOR FURTHER DISTRIBUTION OF ARTIST'S WORK
93B	PUBLIC EVENTS PROMOTE EDUC PURPOSE OF PROVIDING INFO ON REGIONAL HISTORY & SCIENCE. CHILDREN'S MUSEUM ADMISSIONS AND TOURS
103A	DEFRAY COST OF HANDS-ON EXHIBIT CONSTRUCTION WHICH PROMOTES THE PURPOSE OF EXPOSING CHILDREN TO IMPORTANT EDUCATIONAL AND ENRICHMENT EXPERIENCES

SCHEDULE A EXPLANATION OF QUALIFICATIONS TO RECEIVE PAYMENTS STATEMENT 11
PART III, LINE 3A

INDIVIDUALS MUST SUBMIT APPLICATIONS TO THE JACOBS RESEARCH GRANT COMMITTEE EXPLAINING HOW THE FUNDS WILL FURTHER THEIR RESEARCH IN NATIVE AMERICAN STUDIES, UPON COMPLETION OF THE GRANT PERIOD THE AWARDEES TURN OVER REPORTS AND MATERIALS TO THE UNIVERSITY OF WASHINGTON ARCHIVES.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

Part II Additional (not automatic) 3-Month Extension of Time—Must File Original and One Copy.

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization WHATCOM MUSEUM SOCIETY	Employer identification number 91 6174771
	Number, street, and room or suite no. If a P.O. box, see instructions 1408 COMMERCIAL ST.	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions BELLINGHAM, WA 98225	

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

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

STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **JUDY FROST, MUSEUM ACCOUNTANT**
Telephone No **(360) 676-6981** 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 is for

- I request an additional 3-month extension of time until **11/15/06**, 20__
- For calendar year **2005** or other tax year beginning **20__**, and ending **20__**
- If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period
- State in detail why you need the extension

DUE TO THE COMPLEXITY OF THE ENTITY'S BUSINESS AFFAIRS TIME IS NEEDED TO COMPLETE AND FILE AN ACCURATE INCOME TAX RETURN.

- 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 \$ _____
- If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 \$ _____
- Balance Due.** Subtract line 8b from line 8a. 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 \$ _____

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form **ORPHALEE SMITH, CPA**
Signature *Orphalee Smith, CPA* Title **AGENT** Date **8/2/06**

Notice to Applicant—To Be Completed by the IRS

- We **have** approved this application. Please attach this form to the organization's return
- We **have not** approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return
- We **have not** approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period
- We **cannot consider** this application because it was filed after the extended due date of the return for which an extension was requested
- Other _____

Director _____ By _____ Date _____

Alternate Mailing Address — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above

Type or print	Name	EXTENSION APPROVED
	Number and street (include suite, room, or apt. no.) or a P.O. box number	AUG 23 2006
	City or town, province or state, and country (including postal or ZIP code)	FIELD DIRECTOR, SUBMISSION PROCESSING OGDEN