

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling letter: (attach copy of ruling letter if necessary—see instructions)			
b	Domestic organizations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	14,927	
c	All other domestic organizations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)	2		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	14,927	
3	Add lines 1 and 2	4		
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	14,927	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-			
6	Credits/Payments:			
a	2005 estimated tax payments and 2004 overpayment credited to 2005	6a	9,007	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c	25,007	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	34,007	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached.	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	19,080	
11	Enter the amount of line 10 to be: Credited to 2006 estimated tax 19,080 Refunded 11	11		

Part VII-A Statements Regarding Activities

	Yes	No
1a		✓
b		✓
1c		✓
2		✓
3		✓
4a		✓
4b		✓
5		✓
6	✓	
7	✓	
8b	✓	
9		✓
10		✓
11	✓	

1a During the tax year, did the organization attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?
If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the organization in connection with the activities.

c Did the organization file Form 1120-POL for this year?

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:
(1) On the organization. ▶ \$ _____ (2) On organization managers. ▶ \$ _____

e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers. ▶ \$ _____

2 Has the organization engaged in any activities that have not previously been reported to the IRS?
If "Yes," attach a detailed description of the activities.

3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes

4a Did the organization have unrelated business gross income of \$1,000 or more during the year?

b If "Yes," has it filed a tax return on Form 990-T for this year?

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?
If "Yes," attach the statement required by General Instruction T

6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:
• By language in the governing instrument, or
• By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?

7 Did the organization have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV.

8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ New York

b If the answer is "Yes" to line 7, has the organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation

9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV on page 26)? If "Yes," complete Part XIV

10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses.

11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address ▶ _____

12 The books are in care of ▶ George V. Delson Associates Telephone no. ▶ 212-909-9680
Located at ▶ 110 East 59th Street, New York, NY ZIP+4 ▶ 10022

13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ▶ | 13 |

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

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

	Yes	No
1a During the year did the organization (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the organization agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/>	1b	
c Did the organization engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2005? <input type="checkbox"/>	1c	✓
2 Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20...., 20...., 20...., 20....		
b Are there any years listed in 2a for which the organization is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions.) <input type="checkbox"/>	2b	✓
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20...., 20...., 20...., 20....		
3a Did the organization hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If "Yes," did it have excess business holdings in 2005 as a result of (1) any purchase by the organization or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the organization had excess business holdings in 2005.) <input type="checkbox"/>	3b	
4a Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes? <input type="checkbox"/>	4a	✓
b Did the organization make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2005? <input type="checkbox"/>	4b	✓
5a During the year did the organization pay or incur any amount to:		
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/>	5b	
c If the answer is "Yes" to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945-5(d).		
6a Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If you answered "Yes" to 6b, also file Form 8870.	6b	✓

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 21 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Jeffrey E. Epstein 6100 Red Hook Qtrs, St. Thomas, USVI	Pres./Director One hour	0	0	0
Darren K. Indyke [REDACTED], New York, NY	Vice Pres/Dir. One hour	0	0	0
Ghislaine Maxwell c/o George V. Delson Associates 110 East 59th Street, New York, NY	Treasurer One hour	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

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

3. Five highest-paid independent contractors for professional services—(see page 21 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Kyle Godfrey [REDACTED], New York, NY 10019	Consulting	12,500
Seth Lloyd [REDACTED] Wellesley, MA 02482	Consulting	100,000
May Huang [REDACTED] Cambridge, MA 02138	Consulting	10,000

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

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
1	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 22 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See page 22 of the instructions	
3	
Total. Add lines 1 through 3	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 22 of the instructions.)

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	
b Average of monthly cash balances	1b	5,224,172
c Fair market value of all other assets (see page 23 of the instructions)	1c	17,750,902
d Total (add lines 1a, b, and c)	1d	22,975,074
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2 Acquisition indebtedness applicable to line 1 assets	2	
3 Subtract line 2 from line 1d	3	22,975,074
4 Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 23 of the instructions)	4	344,626
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	22,630,448
6 Minimum investment return. Enter 5% of line 5	6	1,131,522

Part XI Distributable Amount (see page 23 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1 Minimum investment return from Part X, line 6	1	1,131,522
2a Tax on investment income for 2005 from Part VI, line 5	2a	14,927
b Income tax for 2005. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	14,927
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	1,116,595
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	1,116,595
6 Deduction from distributable amount (see page 24 of the instructions)	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,116,595

Part XII Qualifying Distributions (see page 24 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	1,255,795
b Program-related investments—total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,255,795
5 Organizations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 24 of the instructions)	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,255,795

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 24 of the instructions)

	(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				1,116,595
2 Undistributed income, if any, as of the end of 2004:				
a Enter amount for 2004 only			0	
b Total for prior years: 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2005:				
a From 2000	172,914			
b From 2001	794,417			
c From 2002	638,745			
d From 2003	432,491			
e From 2004				
f Total of lines 3a through e.	2,038,567			
4 Qualifying distributions for 2005 from Part XII, line 4: ▶ \$ <u>1,255,795</u>				
a Applied to 2004, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 25 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 25 of the instructions)	0			
d Applied to 2005 distributable amount				1,116,595
e Remaining amount distributed out of corpus	139,200			
5 Excess distributions carryover applied to 2005 (If an amount appears in column (d), the same amount must be shown in column (a).)	0			0
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	2,177,767			
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see page 25 of the instructions				
e Undistributed income for 2004. Subtract line 4a from line 2a. Taxable amount—see page 25 of the instructions			0	
f Undistributed income for 2005. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2006				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 25 of the instructions)	0			
8 Excess distributions carryover from 2000 not applied on line 5 or line 7 (see page 25 of the instructions)	172,914			
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a	2,004,853			
10 Analysis of line 9:				
a Excess from 2001	794,417			
b Excess from 2002	638,745			
c Excess from 2003	432,491			
d Excess from 2004				
e Excess from 2005	139,200			

Part XIV Private Operating Foundations (see page 26 of the instructions and Part VII-A, question 9)

- 1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2005, enter the date of the ruling ▶
- b Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2005	(b) 2004	(c) 2003	(d) 2002	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 1/2 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(ii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

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

Jeffrey E. Epstein

- b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

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

Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc. (see page 26 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

- a The name, address, and telephone number of the person to whom applications should be addressed:
-
- b The form in which applications should be submitted and information and materials they should include:
-
- c Any submission deadlines:
-
- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
-

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p>a <i>Paid during the year</i> Statement 5</p>				
Total				▶ 3a 1,125,133
<p>b <i>Approved for future payment</i></p>				
Total				▶ 3b 0

THE C.O.U.Q. FOUNDATION INC.

STATEMENT 5

13-3996471

FORM 990-PF Y/E 2/28/06

PART I, LINE 25 AND PART XV
CONTRIBUTIONS PAID

<u>Date</u>	<u>Name</u>	<u>Amount</u>	<u>Purpose</u>
3/3/2005	Friends of Israel Defense Forces	25,000	Unrestricted
3/3/2005	92nd Street Pillar Project	10,000	Unrestricted
4/19/2005	Edge Foundation, Inc.	50,000	Unrestricted
5/6/2005	Stockholm School of Economics	25,000	Unrestricted
5/12/2005	Palm Beach Academy	10,000	Unrestricted
5/12/2005	WNET 13	100,000	Unrestricted
5/25/2005	Harvard University	10,000	Unrestricted
5/26/2005	Columbia University	25,000	Scholarship
6/20/2005	Edge Foundation, Inc.	150,000	Unrestricted
6/21/2005	The Jewish National Fund	15,000	Unrestricted
6/22/2005	Institute of International Education	35,000	Unrestricted
7/15/2005	Hillel Foundation	50,000	Unrestricted
7/21/2005	Sundry Charitable Organizations	1,158	Unrestricted
8/3/2005	Ballet Florida	10,000	Unrestricted
8/11/2005	Gergias Southern University	5,000	Scholarship
8/16/2005	Columbia University	58,600	Scholarship
8/19/2005	Freestate Soccer Alliance	25,000	Unrestricted
8/23/2005	Harvard University	100,000	Unrestricted
9/6/2005	Santa Fe Institute	100,000	Unrestricted
9/7/2005	Kingsboro Community College	2,500	Scholarship
9/7/2005	City College	27,875	Scholarship
9/12/2005	Fashion For Relief	10,000	Unrestricted
9/22/2005	The Alliance for Lupus Research	10,000	Unrestricted
10/20/2005	Academy of Achievement	50,000	Unrestricted
10/20/2005	National Council of Jewish Women	5,000	Unrestricted
11/18/2005	Columbia University	10,000	Unrestricted
11/28/2005	Ballet Florida	15,000	Unrestricted
12/6/2005	Columbia University	50,000	Unrestricted
1/18/2006	New Jersey Firebirds Baseball	15,000	Unrestricted
1/18/2006	Bay Point School	100,000	Unrestricted
1/25/2006	Intrepid Fallen Heroes Fund	25,000	
		<u>1,125,133</u>	

THE C.O.U.Q. FOUNDATION, INC.
13-3996471
FORM 990-PF - Y/E 2/28/06

STATEMENT 1

Part I, Line 11
Other Income

Second City Capital Partners I, LP K-1 Entity	<u>51,609</u>
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STATEMENT 2

Part I, Line 16(c)
Other Professional Fees

Consulting	122,500
Second City Capital Partners I, L.P. K-1 Entity	<u>126,258</u>
Total	<u>248,758</u>

THE C.O.U.Q. FOUNDATION, INC.

13-3996471

FORM 990-PF - Y/E 2/28/06

STATEMENT 3

Part I, Line 23

Other Expenses

Bank Charges	21
Second City Capital Partners L.P. K-1 entity	2,901
Filing Fees	1,004
Other	<u>138</u>
Total	<u><u>4,064</u></u>

THE C.O.U.Q. FOUNDATION, INC.
EIN 13-3996471
FORM 990-PF - Y/E 2/28/06

STATEMENT 4

Part II, Line 13
Other Investments

	<u>Book Value</u>	<u>Fair Market Value</u>
Bear Stearns Asset Backed Securities Partners LP	10,289,911	12,569,336
Second City Capital Partners I, LP	<u>5,168,275</u>	<u>5,181,566</u>
	<u>15,458,186</u>	<u>17,750,902</u>

OFFICE COPY

- 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 THE C.O.U.Q. FOUNDATION	Employer identification number 13 : 3996471
	Number, street, and room or suite no. If a P.O. box, see instructions. c/o DELSON ASSOCIATES, 110 EAST 59TH STREET	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. NEW YORK, NY 10022	

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

- | | | |
|---|---|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (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 checked="" 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 **HARRY BELLER**
Telephone No. () 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.

- 4 I request an additional 3-month extension of time until **JANUARY 15**, 20 **07**.
- 5 For calendar year _____, or other tax year beginning **MARCH 1**, 20 **05**, and ending **FEBRUARY 28**, 20 **06**.
- 6 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period
- 7 State in detail why you need the extension **CERTAIN INFORMATION NECESSARY FOR THE PROPER COMPLETION OF THE RETURN IS NOT YET AVAILABLE.**

8a 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. \$ **37,767**

b 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. \$ **37,767**

c **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. \$ **0**

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

Signature /S/ **GEORGE V DELSON** Title _____ Date **10/16/06**

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 GEORGE V. DELSON ASSOCIATES
	Number and street (include suite, room, or apt. no.) or a P.O. box number 110 EAST 59TH STREET
	City or town, province or state, and country (including postal or ZIP code) NEW YORK, NY 10022

Form **8868**
(Rev. December 2004)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

OMB No 1545-1709

▶ File a separate application for each return.

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

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

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

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

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

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of Exempt Organization The C.O.U.Q. Foundation	Employer identification number 13 3996471
	Number, street, and room or suite no. If a P.O. box, see instructions. c/o George V. Delson Associates, 110 East 59th Street	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. New York, NY 10022	

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

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

• The books are in the care of ▶ **Harry Beller**

Telephone No. ▶ () FAX No. ▶ ()

- If the organization does not have an office or place of business in the United States, check this box ▶
- If this is for a **Group Return**, enter the organization's four digit Group Exemption Number (GEN) If this is for the **whole group**, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-months for a Form 990-T corporation) extension of time until **October 15**, 20**06**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

▶ calendar year 20 . . . or

▶ tax year beginning **March 1**, 20**05**, and ending **February**, 20**06**.

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

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions \$ **37,767**

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit \$ **12,767**

c **Balance Due.** Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions \$ **25,000**

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

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Cat No. 27916D

Form **8868** (Rev 12-2004)

Form **990-PF**

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

OMB No 1545-0052

2006

Department of the Treasury
Internal Revenue Service

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

For calendar year 2006, or tax year beginning **March 1**, 2006, and ending **February 28**, 20 **07**

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation The C.O.U.Q. Foundation		A Employer identification number 13 : 3996471
	Number and street (or P O box number if mail is not delivered to street address) c/o George V. Delson Associates, 110 East 59th St.	Room/suite	B Telephone number (see page 11 of the instructions) ()
	City or town, state, and ZIP code New York, NY 10022		C If exemption application is pending, check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 22,832,814		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	414,646	414,646		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	(52,333)			
	b Gross sales price for all assets on line 6a 0				
	7 Capital gain net income (from Part IV, line 2)			0	
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less: Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule) St. 1	284,468	94,468			
12 Total. Add lines 1 through 11	646,781	509,114			
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule) St. 2	170,000	120,000		50,000
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions)	25,000			
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
21 Travel (conferences) and meetings					
22 Printing and publications					
23 Other expenses (attach schedule) St. 3	591,636	590,633		1,003	
24 Total operating and administrative expenses. Add lines 13 through 23	786,636	710,633		51,003	
25 Contributions, gifts, grants paid	1,186,000			1,186,000	
26 Total expenses and disbursements. Add lines 24 and 25	1,972,636	710,633		1,237,003	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	(1,325,855)				
b Net investment income (if negative, enter -0-)		0			
c Adjusted net income (if negative, enter -0-)					

For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Cat. No. 11289X

Form **990-PF** (2006)

13

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	4,112,136	4,817,748	4,817,748
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)			
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	15,458,186	13,426,719	18,015,066	
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see page 17 of the instructions. Also, see page 1, item I)	19,570,322	18,244,467	22,832,814	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
23 Total liabilities (add lines 17 through 22)				
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	19,570,322	18,244,467	
30 Total net assets or fund balances (see page 18 of the instructions)	19,570,322	18,244,467		
31 Total liabilities and net assets/fund balances (see page 18 of the instructions)	19,570,322	18,244,467		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	19,570,322
2 Enter amount from Part I, line 27a	2	(1,325,855)
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	18,244,467
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	18,244,467

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Statement 5				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) FMV. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)		{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):		{ If gain, also enter in Part I, line 8, column (c) (see pages 13 and 18 of the instructions). If (loss), enter -0- in Part I, line 8 }		3

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No
 If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2005	1,255,795	22,630,448	0.055491
2004	936,665	20,159,106	0.046463
2003	1,041,560	12,227,806	0.085179
2002	1,243,915	12,221,528	0.101944
2001	902,103	7,498,097	0.120310
2 Total of line 1, column (d)			2 0.409387
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.081877
4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5			4 22,142,808
5 Multiply line 4 by line 3			5 1,812,987
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 0
7 Add lines 5 and 6			7 1,812,987
8 Enter qualifying distributions from Part XII, line 4			8 1,237,003

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 19.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 19 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling letter: (attach copy of ruling letter if necessary—see instructions)	1	0
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	0
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only, Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	0
6	Credits/Payments:		
a	2006 estimated tax payments and 2005 overpayment credited to 2006	6a	18,872
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	18,872
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	18,872
11	Enter the amount of line 10 to be: Credited to 2007 estimated tax 18,872 Refunded	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a		✓
1b		✓
1c		✓
2		✓
3		✓
4a		✓
4b	N	A
5		✓
6	✓	
7	✓	
8a		
8b	✓	
9		✓
10		✓

Part VII-A Statements Regarding Activities Continued

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. (see instructions)		✓
11b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	N	A
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	✓	
Website address ▶			
14	The books are in care of ▶ George V. Delson Associates Telephone no. ▶ 212-909-9680		
	Located at ▶ 110 East 59th Street, New York, NY ZIP+4 ▶ 10022		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year ▶ 15		<input type="checkbox"/>

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

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

	Yes	No
1a		
(1)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(5)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(6)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b	N	A
1b		
1c		✓
2		
a	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b		✓
2b		✓
3a	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b	N	A
3b		
4a		✓
b		✓
4b		✓

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

- 5a During the year did the foundation pay or incur any amount to:
- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
 - (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
 - (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
 - (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No
 - (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No
- b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 23 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here **5b** N A
- c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No
If "Yes," attach the statement required by Regulations section 53.4945–5(d).
- 6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No
- b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
If you answered "Yes" to 6b, also file Form 8870. **6b** ✓
- 7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No
- b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No **7b** N A

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 23 of the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Jeffrey E. Epstein 6100 Red Hook Quarters, St. Thomas, USVI	Pres./Director One hour	0	0	0
Darren K. Indyke New York, NY	VP/Director One hour	0	0	0
Ghislaine Maxwell c/o George V. Delson Associates 110 East 59th Street, New York, NY	Treasurer One hour	0	0	0

2 Compensation of five highest-paid employees (other than those included on line 1—see page 24 of the instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
None				

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

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

3 Five highest-paid independent contractors for professional services (see page 24 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
David Grosot San Francisco, CA 94131	Consulting	50,000

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

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

1	Expenses

Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

1	Amount

All other program-related investments. See page 25 of the instructions.

3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 25 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	4,464,942
c	Fair market value of all other assets (see page 25 of the instructions)	1c	18,015,066
d	Total (add lines 1a, b, and c)	1d	22,480,008
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	22,480,008
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 26 of the instructions)	4	337,200
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	22,142,808
6	Minimum investment return. Enter 5% of line 5	6	1,107,140

Part XI Distributable Amount (see page 26 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	1,107,140
2a	Tax on investment income for 2006 from Part VI, line 5	2a	0
2b	Income tax for 2006. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	0
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,107,140
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	1,107,140
6	Deduction from distributable amount (see page 26 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,107,140

Part XII Qualifying Distributions (see page 26 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	1,237,003
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,237,003
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 27 of the instructions)	5	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,237,003

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

Part XIII Undistributed Income (see page 27 of the instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				1,107,140
2 Undistributed income, if any, as of the end of 2005:				
a Enter amount for 2005 only			0	
b Total for prior years: 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2006:				
a From 2001	794,417			
b From 2002	638,745			
c From 2003	432,491			
d From 2004				
e From 2005	139,200			
f Total of lines 3a through e	2,004,853			
4 Qualifying distributions for 2006 from Part XII, line 4: ▶ \$ 1,237,003				
a Applied to 2005, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see page 27 of the instructions)		0		
c Treated as distributions out of corpus (Election required—see page 27 of the instructions)	0			
d Applied to 2006 distributable amount				1,107,140
e Remaining amount distributed out of corpus	129,863			
5 Excess distributions carryover applied to 2006 (If an amount appears in column (d), the same amount must be shown in column (a).)				0
6 Enter the net total of each column as indicated below:	2,134,716			
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0		
d Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions		0		
e Undistributed income for 2005. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see page 28 of the instructions)	0			
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 28 of the instructions)	794,417			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	1,340,299			
10 Analysis of line 9:				
a Excess from 2002	638,745			
b Excess from 2003	432,491			
c Excess from 2004				
d Excess from 2005	139,200			
e Excess from 2006	129,863			

Part XIV Private Operating Foundations (see page 28 of the instructions and Part VII-A, question 9)

- 1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2006, enter the date of the ruling ▶
- b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year				(e) Total
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 1/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)

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

Jeffrey E. Epstein

- b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

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

Check here If the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

- a The name, address, and telephone number of the person to whom applications should be addressed:
-
- b The form in which applications should be submitted and information and materials they should include:
-
- c Any submission deadlines:
-
- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
-

THE C.O.U.Q. FOUNDATION, INC.

13-3996471

FORM 990-PF - Y/E 2/28/07

STATEMENT 1

Part I, Line 11

Other Income

Second City Capital Partners I, LP	
K-1 Entity	94,468
Prior period adjustment	<u>190,000</u>
	<u>284,468</u>

STATEMENT 2

Part I, Line 16(c)

Other Professional Fees

Consulting	50,000
Second City Capital Partners I, L.P.	
K-1 Entity	<u>120,000</u>
Total	<u>170,000</u>

THE C.O.U.Q. FOUNDATION, INC.
13-3996471
FORM 990-PF - Y/E 2/28/07

STATEMENT 3

Part I, Line 23
Other Expenses

Second City Capital Partners L.P. K-1 entity	1,926
Filing Fees	1,003
Professional fees - Second City Capital Partners L.P. K-1 entity	6,556
Bad debt expense - Second City Capital Partners L.P. K-1 entity	<u>582,151</u>
Total	<u>591,636</u>

THE C.O.U.Q. FOUNDATION, INC.
EIN 13-3996471
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STATEMENT 4

Part II, Line 13
Other Investments

	<u>Book Value</u>	<u>Fair Market Value</u>
Bear Stearns Asset Backed Securities Partners LP	7,289,911	11,870,413
Second City Capital Partners I, LP	<u>6,136,808</u>	<u>6,144,653</u>
	<u>13,426,719</u>	<u>18,015,066</u>

STATEMENT 5

Part IV, Line 2
Capital Gain Net Income (Loss)

Second City Capital Partners I, LP K-1 entity	<u>(52,333)</u>
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THE C.O.U.Q. FOUNDATION INC.
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PART I, LINE 25 AND PART XV
CONTRIBUTIONS PAID

<u>Date</u>	<u>Name</u>	<u>Amount</u>	<u>Purpose</u>
3/7/2006	Stockholm School of Economics	25,000	Unrestricted
5/3/2006	The Continium Center for Health & Hearing	25,000	Unrestricted
5/30/2006	Hunter College	3,000	Scholarship
6/1/2006	Martha Graham Dance Company	10,000	Scholarship
6/14/2006	Little Flower Children's Services	10,000	Unrestricted
6/28/2006	Robin Hood	50,000	Unrestricted
7/12/2006	Ballet Florida	20,000	Unrestricted
7/18/2006	Georgia Southern University	10,000	Scholarship
7/18/2006	William J. Clinton Foundation	25,000	Unrestricted
8/10/2006	Freestate Shooters	25,000	Unrestricted
8/11/2006	Zvi Tzedakah Fund	100,000	Unrestricted
9/1/2006	Institute of International Education	100,000	Unrestricted
9/6/2006	Alliance for Lupus Research	5,000	Unrestricted
9/8/2006	Happy Hearts Fund	100,000	Unrestricted
9/27/2006	Ovarian Cancer Research Fund	50,000	Unrestricted
10/3/2006	The Trilateral Commission	50,000	Unrestricted
10/5/2006	Faith in The Future, Inc.	5,000	Unrestricted
10/5/2006	National Council of Jewish Women	5,000	Unrestricted
11/10/2006	The Institute for Music & Brain Science	25,000	Unrestricted
11/16/2006	President and Fellows of Harvard College	100,000	Unrestricted
11/27/2006	Santa Fe Institute	75,000	Unrestricted
1/17/2007	Ballet Florida	15,000	Unrestricted
1/18/2007	Save Darfur Coalition	150,000	Unrestricted
2/7/2007	Stockholm School of Economics	50,000	Unrestricted
2/21/2007	Saint Peter's Prep	3,000	Unrestricted
2/22/2007	Scholar Rescue Fund	150,000	Unrestricted
		1,186,000	

