Form **990-PF** | Department of the Treasury Internal Revenue Service

AS AMENDED

Return of Private Foundation

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

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

OMB No 1545-0052

2006

For calendar year 2006, or tax year beginning 07/01 **, 2006, and ending** 06/30/2007

G Check all that apply [ ] Initial return [ ] Final return [X] Amended return [X] Address change [ ] Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation: PROFESSIONAL CONTRACT SERVICES, INC.

A Employer identification number: 74-2786094

Number and street (or P O. box number if mail is not delivered to street address): 718 FM 1626 WEST | Room/suite: 100

B Telephone number (see page 11 of the instructions): (512) 358-8887

City or town, state, and ZIP code: AUSTIN, TX 78748

C If exemption application is pending check here ▶ [ ]

D 1. Foreign organizations, check here ▶ [ ]

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ [ ]

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ [ ]

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ [ ]

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

I Fair market value of all assets at end of year *(from Part II, col (c), line 16)* ▶ $ 20,164,263.

J Accounting method [ ] Cash [X] Accrual [ ] Other (specify) ________ *(Part I, column (d) must be on cash basis)*

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 ▶ [ ] if the foundation is **not** required to attach Sch B				
3	Interest on savings and temporary cash investments	579,198.	579,198.	579,198.	
4	Dividends and interest from securities				
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	12,476.			
b	Gross sales price for all assets on line 6a 33,100.				
7	Capital gain net income (from Part IV, line 2)		12,476.		
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)	31,809,901.	NONE	31,809,901.	STMT 3
12	**Total.** Add lines 1 through 11	32,401,575.	591,674.	32,389,099.	
Operating and Administrative Expenses					
13	Compensation of officers, directors, trustees, etc	1,076,038.	379.	1,075,660.	NONE
14	Other employee salaries and wages	15,477,705.	NONE	15,477,705.	NONE
15	Pension plans, employee benefits	5,894,188.	NONE	5,894,188.	NONE
16a	Legal fees (attach schedule) STMT 4	53,861.	NONE	53,861.	NONE
b	Accounting fees (attach schedule) STMT 5	33,146.	NONE	33,146.	NONE
c	Other professional fees (attach schedule) STMT 6	132,258.	NONE	132,258.	NONE
17	Interest	1,241.	NONE	1,241.	NONE
18	Taxes (attach schedule) (see page 14 of the instructions) **	53,473.	NONE	46,576.	NONE
19	Depreciation (attach schedule) and depletion	468,631.	NONE	468,631.	
20	Occupancy	679,704.	NONE	679,704.	NONE
21	Travel, conferences, and meetings	210,490.	NONE	210,490.	NONE
22	Printing and publications				
23	Other expenses (attach schedule) STMT 8	5,951,876.	NONE	5,951,876.	NONE
24	**Total operating and administrative expenses.** Add lines 13 through 23	30,032,611.	379.	30,025,336.	NONE
25	Contributions, gifts, grants paid STMT 9	98,673.			93,673.
26	**Total expenses and disbursements.** Add lines 24 and 25	30,131,284.	379.	30,025,336.	93,673.
27	Subtract line 26 from line 12				
a	**Excess of revenue over expenses and disbursements**	2,270,291.			
b	**Net investment income** (if negative, enter -0-)		591,295.		
c	**Adjusted net income** (if negative, enter -0-)			2,363,763.	

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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	3,852,866.	2,973,812.	2,973,812.
	2	Savings and temporary cash investments	6,460,847.	8,352,790.	8,352,790.
	3	Accounts receivable ▶ 5,344,956.			
		Less allowance for doubtful accounts ▶	5,025,705.	5,344,956.	5,344,956.
	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	18,752.	81,328.	81,328.
	10 a	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) STMT 15	NONE	310,290.	310,290.
	14	Land, buildings, and equipment basis ▶ 4,787,459.			
		Less accumulated depreciation (attach schedule) ▶ 1,773,710.	1,786,967.	3,013,749.	3,013,749.
	15	Other assets (describe ▶ STMT 16)	87,338.	87,338.	87,338.
	16	Total assets (to be completed by all filers - see page 17 of the instructions. Also, see page 1, item I)	17,232,475.	20,164,263.	20,164,263.
Liabilities	17	Accounts payable and accrued expenses	2,094,697.	2,048,844.	
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)	NONE	51,212.	STMT 17
	22	Other liabilities (describe ▶ STMT 18)	40,462.	696,600.	
	23	**Total liabilities** (add lines 17 through 22)	2,135,159.	2,796,656.	
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted	15,097,316.	17,367,607.	
	25	Temporarily restricted			
	26	Permanently restricted			
		Organizations that do not follow SFAS 117, check here 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			
	30	**Total net assets or fund balances** (see page 18 of the instructions)	15,097,316.	17,367,607.	
	31	**Total liabilities and net assets/fund balances** (see page 18 of the instructions)	17,232,475.	20,164,263.	

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	15,097,316.
2	Enter amount from Part I, line 27a	2	2,270,291.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	17,367,607.
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	17,367,607.

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Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs. MLC Co)	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo., day, yr.)
1a	SEE PART IV SCHEDULE			
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) F.M.V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col. (j), if any	(l) 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 | 12,476.

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.

1 Enter the appropriate amount in each column for each year, see page 19 of the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2005	845,763.	NONE	NONE
2004	944,979.	NONE	NONE
2003	493,687.	NONE	NONE
2002	517,486.	NONE	NONE
2001	277,895.	NONE	NONE

2	**Total** of line 1, column (d)	2	NONE
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	NONE
4	Enter the net value of noncharitable-use assets for 2006 from Part X, line 5	4	
5	Multiply line 4 by line 3	5	NONE
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	5,913.
7	Add lines 5 and 6	7	5,913.
8	Enter qualifying distributions from Part XII, line 4	8	1,809,541.

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 ▶ [ ] and enter "N/A" on line 1. Date of ruling letter ________ (attach copy of ruling letter if necessary - see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ [X] and enter 1% of Part I, line 27b	1	5,913.
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	5,913.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	NONE
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	5,913.
6	Credits/Payments		
a	2006 estimated tax payments and 2005 overpayment credited to 2006 — 6a: 3,240.		
b	Exempt foreign organizations-tax withheld at source — 6b: NONE		
c	Tax paid with application for extension of time to file (Form 8868) — 6c: 2,812.		
d	Backup withholding erroneously withheld — 6d:		
7	Total credits and payments. Add lines 6a through 6d	7	6,052.
8	Enter any **penalty** for underpayment of estimated tax. Check here [ ] if Form 2220 is attached	8	139.
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	
11	Enter the amount of line 10 to be **Credited to 2007 estimated tax** ▶ Refunded ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 20 of the instructions for definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ▶ $ NONE (2) On foundation managers ▶ $ NONE			
e	Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on foundation managers. ▶ $ NONE			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities*	2		X
3	Has the foundation 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*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 20 of the instructions) ▶ CO, IL, OK, TX,			
b	If the answer is "Yes" to line 7, has the foundation 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*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (see instructions for Part XIV on page 28)? *If "Yes," complete Part XIV*	9	X	
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		X

Part VII-A Statements Regarding Activities *Continued*

		Line	Yes	No
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)	11a		X
b	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?	11b	N/A	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ TRINA BAUMGARTEN Telephone no ▶ 512-358-8887

Located at ▶ 718 FM 1626 WEST, BLDG 100 AUSTIN, TX ZIP + 4 ▶ 78748

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-F in lieu of **Form 1041** - Check here N/A ▶ ☐
and enter the amount of tax-exempt interest received or accrues during the year ▶ 15

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.

			Line	Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☒ Yes ☐ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ 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)?	☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ 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 22 of the instructions)?		1b	X	
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation 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 2006?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ________, ________, ________, ________				
b	Are there any years listed in 2a for which the foundation 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 22 of the instructions.)		2b	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ________, ________, ________, ________				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2006 as a result of **(1)** any purchase by the foundation 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 foundation had excess business holdings in 2006.)*		3b		X
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation 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 2006?		4b		X

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

		Yes	No
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)? **5b**	N/A	
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐		
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? N/A ☐ 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? **6b**		X
	If you answered "Yes" to 6b, also file Form 8870		
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? **7b**		X

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
SEE STATEMENT 19		843,957.	201,965.	30,116.

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
SEE STATEMENT 20		373,256.	64,256.	NONE

Total number of other employees paid over $50,000 ▶ 25

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

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 JOB OPPORTUNITIES AND TRAINING FOR HANDICAPPED PERSONS. 563 HANDICAPPED PERSONS WORKING AT 39 JOB SITES IN TEXAS, 4 AT 1 SITE IN ILLINOIS, 155 AT 4 SITES IN COLORADO, AND	
2 70 AT 1 SITE IN OKLAHOMA.	30,131,283.
3	
4	

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	Amount
1 NONE	
2	
All other program-related investments See page 25 of the instructions	
3 NONE	
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	10,868,512.
c	Fair market value of all other assets (see page 25 of the instructions)	1c	NONE
d	**Total** (add lines 1a, b, and c)	1d	10,868,512.
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	NONE
3	Subtract line 2 from line 1d	3	10,868,512.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see page 26 of the instructions) SEE STATEMENT 21	4	10,868,512.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	
6	**Minimum investment return.** Enter 5% of line 5	6	NONE

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 ▶ [X] and do not complete this part)

1	Minimum investment return from Part X, line 6	1	
2a	Tax on investment income for 2006 from Part VI, line 5 — 2a		
b	Income tax for 2006 (This does not include the tax from Part VI) — 2b		
c	Add lines 2a and 2b	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	
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	

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	93,673.
b	Program-related investments - total from Part IX-B	1b	NONE
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	1,715,868.
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	**Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,809,541.
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	5,913.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	1,803,628.

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					
2 Undistributed income, if any, as of the end of 2005					
a Enter amount for 2005 only					
b Total for prior years ______, ______, ______					
3 Excess distributions carryover, if any, to 2006					
a From 2001	NONE				
b From 2002	NONE				
c From 2003	493,687.				
d From 2004	945,726.				
e From 2005	848,990.				
f **Total** of lines 3a through e		2,288,403.			
4 Qualifying distributions for 2006 from Part XII, line 4 ▶ $ 1,809,541.					
a Applied to 2005, but not more than line 2a					
b Applied to undistributed income of prior years (Election required - see page 27 of the instructions)					
c Treated as distributions out of corpus (Election required - see page 27 of the instructions)					
d Applied to 2006 distributable amount					
e Remaining amount distributed out of corpus		1,809,541.			
5 Excess distributions carryover applied to 2006 *(If an amount appears in column (d), the same amount must be shown in column (a).)*					
6 **Enter the net total of each column as indicated below:**					
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		4,097,944.			
b Prior years' undistributed income. Subtract line 4b from line 2b					
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed					
d Subtract line 6c from line 6b. Taxable amount - see page 27 of the instructions					
e Undistributed income for 2005 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions					
f Undistributed income for 2006 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007					
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)					
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see page 28 of the instructions)		NONE			
9 **Excess distributions carryover to 2007.** Subtract lines 7 and 8 from line 6a		4,097,944.			
10 Analysis of line 9					
a Excess from 2002	NONE				
b Excess from 2003	493,687.				
c Excess from 2004	945,726.				
d Excess from 2005	848,990.				
e Excess from 2006	1,809,541.				

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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 [X] 4942(j)(3) or [ ] 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2006	(b) 2005	(c) 2004	(d) 2003	(e) Total
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	NONE	NONE	NONE	NONE	NONE
b 85% of line 2a	NONE	NONE	NONE	NONE	NONE
c Qualifying distributions from Part XII, line 4 for each year listed	1,809,541.	848,990.	945,726.	493,687.	4,097,944.
d Amounts included in line 2c not used directly for active conduct of exempt activities	93,673.	101,555.	30,521.	24,580.	250,329.
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c	1,715,868.	747,435.	915,205.	469,107.	3,847,615.
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets	20,164,263.	17,232,475.	13,772,615.	9,922,448.	61,091,801.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)	20,164,263.	17,232,475.	13,772,615.	9,922,448.	61,091,801.
b "Endowment" alternative test- enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed	NONE	NONE	NONE	NONE	NONE
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)					NONE
(2) Support from general public and 5 or more exempt organizations as provided in section 4942 (j)(3)(B)(iii)					NONE
(3) Largest amount of support from an exempt organization					NONE
(4) Gross investment income					NONE

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 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))

N/A

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

N/A

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

Check here ▶ [X] 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

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
a *Paid during the year*				
SEE STATEMENT 22				
Total . . . . ▶ **3a**				93,673.
b *Approved for future payment*				
SEE STATEMENT 26				
Total . . . . ▶ **3b**				80,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 29 of the instructions.)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					31,809,901.
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	579,198.	
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	12,476.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				591,674.	31,809,901.

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 32,401,575.

(See worksheet in line 13 instructions on page 29 to verify calculations.)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See page 29 of the instructions.)
1G	ORGANIZATION CONTRACTS WITH STATE, LOCAL AND FEDERAL
	AGENCIES THROUGH THE NISH AND TIBH INDUSTRIES, INC. TO
	PROVIDE TRAINING AND EMPLOYMENT OPPORTUNITIES SPECIFIED AS
	ITS PRIMARY PURPOSE IN MENTOR PROGRAM DISCOUNTS RECEIVED
	FROM VENDORS FOR PAYING EXPENSES IN A TIMELY MANNER.

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
	N/A		N/A

2 a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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 taxpayer or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee: [signature] Date: 12-27-10 Title: President & CEO

Paid Preparer's Use Only			
Preparer's signature	[signature]	Date 7/9/10	Check if self-employed ☐	Preparer's SSN or PTIN (See Signature on page 31 of the instructions) P00235386
Firm's name (or yours if self-employed), address, and ZIP code	ERNST & YOUNG U.S. LLP 401 CONGRESS AVENUE, SUITE 1800 AUSTIN, TX 78701		EIN ▶ 34-6565596 Phone no. 512-478-9881

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FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj. basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
		SALE OF AUTOMOBILE PROPERTY TYPE: OTHER				P	VAR	VAR
33,100.		20,624.					12,476.	
TOTAL GAIN(LOSS)							12,476.	

FORM 990PF - GENERAL EXPLANATION ATTACHMENT

FORM 990-PF, PART II, LINE 14
FORM 990-PF, PART I, LINE 19

LAND, BUILDINGS, AND EQUIPMENT (PPE)

BASIS:	
SERVICE & TRANSPORTATION EQUIPMENT	2,535,888
FURNITURE & OFFICE EQUIPMENT	425,156
LEASEHOLD IMPROVEMENTS	37,168
CIP - BUILDING	1,408,231
CIP - LAND	381,016
TOTAL BASIS	4,787,459
LESS: ACCUMULATED DEPRECIATION	(1,773,710)
NET PPE	3,013,749

DEPRECIATION EXPENSE CURRENT YEAR: 679,704

DEPRECIATION EXPENSE IS CALCULATED USING THE STRAIGHT LINE METHOD.

FORM 990PF - GENERAL EXPLANATION ATTACHMENT

FORM 990-PF, PART VII-B, LINE 1A(1)
THE ORGANIZATION ENGAGED IN A SALE WITH A DISQUALIFIED PERSON

DURING THE FISCAL YEAR ENDED 6-30-07, PCSI SOLD TWO VEHICLES TO ITS PRESIDENT. PRIOR TO ENTERING INTO THE TRANSACTION, THE ORGANIZATION CONSULTED WITH ITS FORMER CPA TAX ADVISOR WHO PROVIDED ERRONEOUS ADVICE BY INDICATING THAT SUCH TRANSACTION IS PERMISSIBLE. IMMEDIATELY UPON DISCOVERING THAT THE PREVIOUS TAX ADVICE WAS INCORRECT AND THAT THE SALES CONSTITUTED PROHIBITED TRANSACTIONS, THE ACTS OF SELF-DEALING WERE CORRECTED IN ACCORDANCE WITH THE REGULATIONS. THE PRESIDENT IS APPROPRIATELY FILING FORMS 4720 TO REPORT THE TRANSACTIONS AND PAY THE REQUIRED EXCISE TAX. PCSI IS ALSO FILING ITS FORM 4720 CONTEMPORANEOUSLY WITH ITS FORM 990-PF.

THUS, THE ACTS OF SELF-DEALING HAVE BEEN CORRECTED, AND THERE ARE NO PROHIBITED TRANSACTIONS OUTSTANDING.

FORM 990PF, PART I - OTHER INCOME

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
GOVERNMENT SERVICE CONTRACTS	31,809,901.	NONE	31,809,901.
TOTALS	31,809,901.	NONE	31,809,901.

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
LEGAL FEES	53,861.	NONE	53,861.	NONE
TOTALS	53,861.	NONE	53,861.	NONE

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
ACCOUNTING FEES	33,146.	NONE	33,146.	NONE
TOTALS	33,146.	NONE	33,146.	NONE

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
COMPUTER SUPPORT AND ADP	132,258.	NONE	132,258.	NONE
TOTALS	132,258.	NONE	132,258.	NONE

FORM 990PF, PART I - TAXES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
PROPERTY TAX	45,379.	NONE	45,379.	NONE
IRS	6,897.	NONE	NONE	NONE
LICENSE FEES AND OTHER	1,197.	NONE	1,197.	NONE
TOTALS	53,473.	NONE	46,576.	NONE

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
AUTOMOBILE EXPENSES	279,082.	NONE	279,082.	NONE
DUES & SUBSCRIPTIONS	65,097.	NONE	65,097.	NONE
FREIGHT & POSTAGE	41,502.	NONE	41,502.	NONE
INSURANCE	1,032,709.	NONE	1,032,709.	NONE
REPAIRS & MAINTENANCE	166,510.	NONE	166,510.	NONE
SMALL TOOLS & EQUIPMENT	51,095.	NONE	51,095.	NONE
SUBCONTRACT	1,857,788.	NONE	1,857,788.	NONE
SUPPLIES	2,163,816.	NONE	2,163,816.	NONE
TELEPHONE	133,785.	NONE	133,785.	NONE
UNIFORMS/SAFETY EXPENSE	160,492.	NONE	160,492.	NONE
TOTALS	5,951,876.	NONE	5,951,876.	NONE

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
GRANTS PAID			
FT. HOOD - HABITAT FOR HUMANITY 2601 ATKINSON AVE KILLEEN, TX 76543	NONE NON PROFIT	GENERAL SUPPORT	2,500.
SUPPLIES & FOOD HABITAT FOR HUMANITY 2601 ATKINSON AVE KILLEEN, TX 76543	NONE NON PROFIT	GENERAL SUPPORT	237.
CHILDREN'S WISH FOUNDATION P.O. BOX 131808 HOUSTON, TX 77219	NONE NON PROFIT	GENERAL SUPPORT	650.
WANKE ELEMENTARY SCHOOL PTA 10419 OLD PRUE RD SAN ANTONIO, TX 78249	NONE NON PROFIT	GENERAL SUPPORT	250.
SAN ANTONIO LIVESTOCK P.O. BOX 200230 SAN ANTONIO, TX 78220	NONE NON PROFIT	GENERAL SUPPORT	7,000.
MULTIPLE SCLEROSIS ASSOCIATE 6350 NORTH ANDREW AVE FORT LAUDERDALE, FL 33309	NONE NON PROFIT	GENERAL SUPPORT	580.
DENVER SHERIFF UNION 1337 DELAWARE ST. DENVER, CO 80204	NONE NON PROFIT	GENERAL SUPPORT	175.
SPECIAL OLYMPICS P.O. BOX 131567 HOUSTON, TX 77219	NONE NON PROFIT	GENERAL SUPPORT	1,525.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
SOUTHEAST T-BIRDS 350 EDITH DRIVE EL PASO, TX 79915	NONE NON PROFIT	GENERAL SUPPORT	500.
BSA PACK 12 CUB SCOUT PACK 12 AUSTIN, TX 78749	NONE NON PROFIT	GENERAL SUPPORT	45.
COAT FOR KIDS P.O. BOX 22533 ALEXANDRIA, VA 22304	NONE NON PROFIT	GENERAL SUPPORT	1,111.
SAN ANTONIO WHEELCHAIR ATHLETIC ASSOCIATION P.O. BOX 33394 SAN ANTONIO, TX 78265	NONE NON PROFIT	GENERAL SUPPORT	1,500.
NORTHWEST LIONS CLUB 5030 HACIENDA SAN ANTONIO, TX 78212	NONE NON PROFIT	GENERAL SUPPORT	100.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78212	NONE NON PROFIT	GENERAL SUPPORT	2,500.
ACHIEVERS CENTER FOR EDUCATION 5084 DE ZAVAKA ROAD SAN ANTONIO, TX 78249	NONE 509(A)(1)	GENERAL SUPPORT	10,000.
ASSOCIATION FOR RETARDED CITIZENS OF SAN ANTONIO 13430 WEST AVENUE SAN ANTONIO, TX 78216	NONE 509(A)(1)	GENERAL SUPPORT	5,000.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
ASSOCIATION FOR RETARDED CITIZENS POST OFFICE BOX 311 TEMPLE, TX 76502	NONE 509(A)(1)	GENERAL SUPPORT	2,500.
CENTRAL TEXAS YOUTH SERVICES 204 N EAST STREET BELTON, TX 76513	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
HEART OF TEXAS INDEPENDENT LIVING CENTER 1605 NORTH MAIN BELTON, TX 76513	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
THE HOUSE OF REFUGE WOMEN'S SHELTER 811 A MARTIN L KING DRIVE AUSTIN, TX 78704	NONE 509(A)(1)	GENERAL SUPPORT	2,500.
MILITARY ORDER OF COOTIES POST OFFICE BOX 904 COPPERAS COVE, TX 76522	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78212	NONE 509(A)(2)	GENERAL SUPPORT	5,000.
RISE SCHOOL OF AUSTIN 4420 MONTERY OAKS BOULEVARD AUSTIN, TX 78749	NONE 509(A)(1)	GENERAL SUPPORT	10,000.
SPECIAL OLYMPICS TEXAS POST OFFICE BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	2,500.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
TEXAS SCHOOL OF THE BLIND AND VISUALLY IMPAIRED 1100 WEST 45TH STREET AUSTIN, TX 78756	NONE 509(A)(2)	GENERAL SUPPORT	15,000.
TEXAS SCHOOL OF THE DEAF FOUNDATION 1102 SOUTH CONGRESS AUSTIN, TX 509(A)(2)	NONE 509(A)(2)	GENERAL SUPPORT	15,000.
		TOTAL CONTRIBUTIONS PAID	93,673.

GRANTS ACCRUED

RISE SCHOOL OF AUSTIN 4220 MONTERREY OAKS BLVD AUSTIN, TX 78749	NONE NON PROFIT	GENERAL SUPPORT	10,000.
TEXAS SCHOOL OF THE BLIND & VISUALLY 1100 WEST 4TH ST. AUSTIN, TX 78702	NONE NON PROFIT	GENERAL SUPPORT	15,000.
TEXAS SCHOOL OF THE DEAF FOUNDATION 1102 SOUTH CONGRESS AUSTIN, TX 78704	NONE NON PROFIT	GENERAL SUPPORT	15,000.
ASSOCIATION FOR RETARDED CITIZENS P.O. BOX 311 TEMPLE, TX 76503	NONE NON PROFIT	GENERAL SUPPORT	2,500.
CENTRAL TEXAS YOUTH SERVICES 204 NORTH EAST ST. BELTON, TX 76513	NONE NON PROFIT	GENERAL SUPPORT	2,500.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
HEART OF TEXAS INDEPENDENT LIVING CENTER 1605 NORTH MAIN BELTON, TX 76513	NONE NON PROFIT	GENERAL SUPPORT	2,500.
MILITARY ORDER OF COOTIES (VFW) P.O. BOX 904 COPPERAS COVE, TX 76522	NONE NON PROFIT	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS TEXAS 902 CONDOR STREET KILLEEN, TX 76541	NONE NON PROFIT	GENERAL SUPPORT	2,500.
THE HOUSE OF REFUGE WOMEN'S SHELTER 811 MARTIN LUTHER KING COPPERAS COVE, TX 76522	NONE NON PROFIT	GENERAL SUPPORT	2,500.
ACHIEVERS CENTER FOR EDUCATION 5084 DE ZAVAKA RD SAN ANTONIO, TX 78216	NONE NON PROFIT	GENERAL SUPPORT	10,000.
ASSOCIATION FOR RETARDED CITIZENS OF SAN ANTONIO 13430 WEST AVENUE SAN ANTONIO, TX 78216	NONE NON PROFIT	GENERAL SUPPORT	5,000.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78216	NONE NON PROFIT	GENERAL SUPPORT	5,000.
HABITAT FOR HUMANITY 2601 ATKINSON AVE KILLEEN, TX 76543	NONE NON PROFIT	GENERAL SUPPORT	2,500.

FORM 990PF, PART I - CONTRIBUTIONS, GIFTS, GRANTS PAID

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
SPECIAL OLYMPICS 1300 BAY AREA BLVD HOUSTON, TX 77058	NONE NON PROFIT	GENERAL SUPPORT	2,500.
		TOTAL APPROVED CONTRIBUTIONS ACCRUED	80,000.
		TOTAL CONTRIBUTIONS PAID AND ACCRUED	173,673.

FORM 990PF, PART II - OTHER INVESTMENTS

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
OTHER INVESTMENTS - DEF COMP	NONE	310,290.	310,290.
TOTALS	NONE	310,290.	310,290.

FORM 990PF, PART II - OTHER ASSETS

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
SECURITY DEPOSIT	87,338.	87,338.	87,338.
TOTALS	87,338.	87,338.	87,338.

FORM 990PF, PART II - MORTGAGES AND OTHER NOTES PAYABLE

LENDER: NOTE PAYABLE
INTEREST RATE: 9.750000
DATE OF NOTE: 05/01/2007
MATURITY DATE: 06/30/2012
REPAYMENT TERMS: PRINCIPAL & INTEREST PAYMENTS OF $1,096 MONTHLY
SECURITY PROVIDED: SECURITY INTEREST IN THE RELOCATABLE BUILDING
PURPOSE OF LOAN: FINANCE THE PURCHASE OF A RELOCATABLE BUILDING

BEGINNING BALANCE DUE	NONE
ENDING BALANCE DUE	51,212.
TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	NONE
TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	51,212.

FORM 990PF, PART II - OTHER LIABILITIES

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE
LONG TERM DEF COMP LIAB	NONE	696,600.
403B DEDUCTIONS	5,133.	NONE
DEPENDENT INSURANCE DEDUCTIONS	3,340.	NONE
GARNISHMENTS/CHILD SUPPORT	6,964.	NONE
UNION DUES	9,978.	NONE
AFLAC	15,046.	NONE
ROUNDING	1.	NONE
TOTALS	40,462.	696,600.

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
ACE L. BURT 718 FM 1626 WEST 100 AUSTIN, TX 78748	PRESIDENT 40.00	354,855.	76,512.	11,311.
KEVIN CLOUD 718 FM 1626 WEST 100 AUSTIN, TX 78748	VICE PRESIDENT 40.00	163,760.	39,595.	9,311.
MICHAEL WILKE 718 FM 1626 WEST 100 AUSTIN, TX 78748	CFO 40.00	206,512.	55,982.	9,494.
CARROLL SCHUBERT 718 FM 1626 WEST 100 AUSTIN, TX 78748	EXECUTIVE VICE PRESIDENT 40.00	118,830.	29,876.	NONE
	GRAND TOTALS	843,957.	201,965.	30,116.

990PF, PART VIII - COMPENSATION OF THE FIVE HIGHEST PAID EMPLOYEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
PHILIP KETCHUM 718 FM 1626 WEST, BLDG 100 AUSTIN, TX 78748	PROJECT MGR 40.00	85,336.	18,460.	NONE
DAVID NAVARRO 718 FM 1626 WEST, BLDG 100 AUSTIN, TX 78748	ELECTRICIAN 40.00	73,898.	11,301.	NONE
FRANCIS JOY 718 FM 1626 WEST, BLDG 100 AUSTIN, TX 78748	DIRECTOR OF SAFETY 40.00	73,425.	6,102.	NONE
DAVID MCGREW 718 FM 1626 WEST, BLDG 100 AUSTIN, TX 78748	PROJECT MGR 40.00	70,637.	10,127.	NONE
ERICK RODAS 718 FM 1626 WEST, BLDG 100 AUSTIN, TX 78748	OPS MANAGER 40.00	69,960.	18,266.	NONE
	TOTAL COMPENSATION	373,256.	64,256.	NONE

FORM 990PF, PART X - CASH DEEMED HELD FOR CHARITABLE ACTIVITIES EXPL.

IN ACCORDANCE WITH REG. 53.4942(A)-2(C)(3)(IV), THE ABOVE REFERENCED FOUNDATION IS EXCLUDING FROM ITS MINIMUM INVESTMENT OF RETURN (MIR) CALCULATION A TOTAL OF $10,868,512 IN CASH IT DEEMS HELD FOR CHARITABLE ACTIVITIES. THIS AMOUNT IS IN EXCESS OF THE 1.5% OF THE FAIR MARKET VALUE OF THE FOUNDATION'S ASSETS.
THE FOLLOWING INFORMATION IS SUBMITTED IN SUPPORT OF THE EXCLUSION FROM MIR OF THIS AMOUNT:
1. FAIR MARKET VALUE OF THE FOUNDATION'S NONCHARITABLE ASSETS: $0
2. 1.5% OF LINE 1: $0
3. FACTS AND CIRCUMSTANCES JUSTIFYING THE EXCLUSION OF AN AMOUNT IN EXCESS OF THE AMOUNT OF LINE 2: THE FOUNDATION CONSIDERS ALL ITS ASSETS, INCLUDING CASH, AS BEING HELD TO ACHIEVE THE FOUNDATION'S CHARITABLE PURPOSE. OPERATING EXPENSE OF THE FOUNDATION FOR THE YEAR ENDED 6/30/2007 WERE $30,032,611 AND THE FOUNDATION PURCHASED $1,715,868 OF PROPERTY AND EQUIPMENT TO BE USED BY THE FOUNDATION FOR ITS CHARITABLE ACTIVITIES.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
FT. HOOD - HABITAT FOR HUMANITY 2601 ATKINSON AVE KILLEEN, TX 76543	NONE NON PROFIT	GENERAL SUPPORT	2,500.
SUPPLIES & FOOD HABITAT FOR HUMANITY 2601 ATKINSON AVE KILLEEN, TX 76543	NONE NON PROFIT	GENERAL SUPPORT	237.
CHILDREN'S WISH FOUNDATION P.O. BOX 131808 HOUSTON, TX 77219	NONE NON PROFIT	GENERAL SUPPORT	650.
WANKE ELEMENTARY SCHOOL PTA 10419 OLD PRUE RD SAN ANTONIO, TX 78249	NONE NON PROFIT	GENERAL SUPPORT	250.
SAN ANTONIO LIVESTOCK P.O. BOX 200230 SAN ANTONIO, TX 78220	NONE NON PROFIT	GENERAL SUPPORT	7,000.
MULTIPLE SCLEROSIS ASSOCIATE 6350 NORTH ANDREW AVE FORT LAUDERDALE, FL 33309	NONE NON PROFIT	GENERAL SUPPORT	580.
DENVER SHERIFF UNION 1337 DELAWARE ST. DENVER, CO 80204	NONE NON PROFIT	GENERAL SUPPORT	175.
SPECIAL OLYMPICS P.O. BOX 131567 HOUSTON, TX 77219	NONE NON PROFIT	GENERAL SUPPORT	1,525.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
SOUTHEAST T-BIRDS 350 EDITH DRIVE EL PASO, TX 79915	NONE NON PROFIT	GENERAL SUPPORT	500.
BSA PACK 12 CUB SCOUT PACK 12 AUSTIN, TX 78749	NONE NON PROFIT	GENERAL SUPPORT	45.
COAT FOR KIDS P.O. BOX 22533 ALEXANDRIA, VA 22304	NONE NON PROFIT	GENERAL SUPPORT	1,111.
SAN ANTONIO WHEELCHAIR ATHLETIC ASSOCIATION P.O. BOX 33394 SAN ANTONIO, TX 78265	NONE NON PROFIT	GENERAL SUPPORT	1,500.
NORTHWEST LIONS CLUB 5030 HACIENDA SAN ANTONIO, TX 78212	NONE NON PROFIT	GENERAL SUPPORT	100.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78212	NONE NON PROFIT	GENERAL SUPPORT	2,500.
ACHIEVERS CENTER FOR EDUCATION 5084 DE ZAVAKA ROAD SAN ANTONIO, TX 78249	NONE 509(A)(1)	GENERAL SUPPORT	10,000.
ASSOCIATION FOR RETARDED CITIZENS OF SAN ANTONIO 13430 WEST AVENUE SAN ANTONIO, TX 78216	NONE 509(A)(1)	GENERAL SUPPORT	5,000.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
ASSOCIATION FOR RETARDED CITIZENS POST OFFICE BOX 311 TEMPLE, TX 76502	NONE 509(A)(1)	GENERAL SUPPORT	2,500.
CENTRAL TEXAS YOUTH SERVICES 204 N EAST STREET BELTON, TX 76513	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
HEART OF TEXAS INDEPENDENT LIVING CENTER 1605 NORTH MAIN BELTON, TX 76513	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
THE HOUSE OF REFUGE WOMEN'S SHELTER 811 A MARTIN L KING DRIVE AUSTIN, TX 78704	NONE 509(A)(1)	GENERAL SUPPORT	2,500.
MILITARY ORDER OF COOTIES POST OFFICE BOX 904 COPPERAS COVE, TX 76522	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78212	NONE 509(A)(2)	GENERAL SUPPORT	5,000.
RISE SCHOOL OF AUSTIN 4420 MONTERY OAKS BOULEVARD AUSTIN, TX 78749	NONE 509(A)(1)	GENERAL SUPPORT	10,000.
SPECIAL OLYMPICS TEXAS POST OFFICE BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	2,500.

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
TEXAS SCHOOL OF THE BLIND AND VISUALLY IMPAIRED 1100 WEST 45TH STREET AUSTIN, TX 78756	NONE 509(A)(2)	GENERAL SUPPORT	15,000.
TEXAS SCHOOL OF THE DEAF FOUNDATION 1102 SOUTH CONGRESS AUSTIN, TX 509(A)(2)	NONE 509(A)(2)	GENERAL SUPPORT	15,000.
		TOTAL CONTRIBUTIONS PAID	93,673.

FORM 990PF, PART XV - CONTRIBUTIONS APPROVED FOR FUTURE PAYMENT

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
RISE SCHOOL OF AUSTIN 4220 MONTERREY OAKS BLVD AUSTIN, TX 78749	NONE NON PROFIT	GENERAL SUPPORT	10,000.
TEXAS SCHOOL OF THE BLIND & VISUALLY 1100 WEST 4TH ST. AUSTIN, TX 78702	NONE NON PROFIT	GENERAL SUPPORT	15,000.
TEXAS SCHOOL OF THE DEAF FOUNDATION 1102 SOUTH CONGRESS AUSTIN, TX 78704	NONE NON PROFIT	GENERAL SUPPORT	15,000.
ASSOCIATION FOR RETARDED CITIZENS P.O. BOX 311 TEMPLE, TX 76503	NONE NON PROFIT	GENERAL SUPPORT	2,500.
CENTRAL TEXAS YOUTH SERVICES 204 NORTH EAST ST. BELTON, TX 76513	NONE NON PROFIT	GENERAL SUPPORT	2,500.
HEART OF TEXAS INDEPENDENT LIVING CENTER 1605 NORTH MAIN BELTON, TX 76513	NONE NON PROFIT	GENERAL SUPPORT	2,500.
MILITARY ORDER OF COOTIES (VFW) P.O. BOX 904 COPPERAS COVE, TX 76522	NONE NON PROFIT	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS TEXAS 902 CONDOR STREET KILLEEN, TX 76541	NONE NON PROFIT	GENERAL SUPPORT	2,500.

FORM 990PF, PART XV - CONTRIBUTIONS APPROVED FOR FUTURE PAYMENT

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
THE HOUSE OF REFUGE WOMEN'S SHELTER 811 MARTIN LUTHER KING COPPERAS COVE, TX 76522	NONE NON PROFIT	GENERAL SUPPORT	2,500.
ACHIEVERS CENTER FOR EDUCATION 5084 DE ZAVAKA RD SAN ANTONIO, TX 78216	NONE NON PROFIT	GENERAL SUPPORT	10,000.
ASSOCIATION FOR RETARDED CITIZENS OF SAN ANTONIO 13430 WEST AVENUE SAN ANTONIO, TX 78216	NONE NON PROFIT	GENERAL SUPPORT	5,000.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78216	NONE NON PROFIT	GENERAL SUPPORT	5,000.
HABITAT FOR HUMANITY 2601 ATKINSON AVE KILLEEN, TX 76543	NONE NON PROFIT	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS 1300 BAY AREA BLVD HOUSTON, TX 77058	NONE NON PROFIT	GENERAL SUPPORT	2,500.
		TOTAL CONTRIBUTIONS APPROVED	80,000.

SCHEDULE D (Form 1041)

Department of the Treasury Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1041, Form 5227, or Form 990-T. See the separate instructions for Form 1041 (also for Form 5227 or Form 990-T, if applicable).

OMB No 1545-0092

2006

Name of estate or trust	Employer identification number
PROFESSIONAL CONTRACT SERVICES, INC.	74-2786094

Note: *Form 5227 filers need to complete **only** Parts I and II*

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

	(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Sales price	(e) Cost or other basis (see page 35)	(f) Gain or (Loss) for the entire year (col (d) less col (e))
1						

2	Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824	2	
3	Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts	3	
4	Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2005 Capital Loss Carryover Worksheet	4	( )
5	**Net short-term gain or (loss).** Combine lines 1 through 4 in column (f). Enter here and on line 13, column (3) below ▶	5	

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

	(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo , day, yr)	(c) Date sold (mo , day, yr)	(d) Sales price	(e) Cost or other basis (see page 35)	(f) Gain or (Loss) for the entire year (col (d) less col (e))
6						
	SEE STATEMENT 1			33,100.	20,624.	12,476.

7	Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824	7	
8	Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts	8	
9	Capital gain distributions	9	
10	Gain from Form 4797, Part I	10	
11	Long-term capital loss carryover Enter the amount, if any, from line 14 of the 2005 Capital Loss Carryover Worksheet	11	( )
12	**Net long-term gain or (loss).** Combine lines 6 through 11 in column (f). Enter here and on line 14a, column (3) below ▶	12	12,476.

Part III Summary of Parts I and II

Caution: *Read the instructions **before** completing this part.*

			(1) Beneficiaries' (see page 36)	(2) Estate's or trust's	(3) Total
13	**Net short-term gain or (loss)**	13			
14	**Net long-term gain or (loss):**				
a	Total for year	14a			12,476.
b	Unrecaptured section 1250 gain (see line 18 of the worksheet on page 36)	14b			
c	28% rate gain	14c			
15	**Total net gain or (loss).** Combine lines 13 and 14a ▶	15			12,476.

Note: *If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 If lines 14a and 15, column (2), are net gains, go to Part V, and **do not** complete Part IV If line 15, column (3), is a net loss, complete Part IV and the **Capital Loss Carryover Worksheet**, as necessary*

For Paperwork Reduction Act Notice, see the Instructions for Form 1041. **Schedule D (Form 1041) 2006**

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Part IV. Capital Loss Limitation

16 Enter here and enter as a (loss) on Form 1041, line 4, the **smaller** of
a The loss on line 15, column (3) **or**
b $3,000 . . . . 16 ( )

If the loss on line 15, column (3), is more than $3,000, **or** *if Form 1041, page 1, line 22, is a loss, complete the* ***Capital Loss Carryover Worksheet*** *on page 39 of the instructions to determine your capital loss carryover*

Part V Tax Computation Using Maximum Capital Gains Rates

(Complete this part **only** if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), **and** Form 1041, line 22 is more than zero.)

Note: *If line 14b, column (2) or line 14c, column (2) is more than zero, complete the worksheet on page 38 of the instructions and skip Part V Otherwise, go to line 17*

17 Enter taxable income from Form 1041, line 22 17

18 Enter the **smaller** of line 14a or 15 in column (2) but not less than zero 18

19 Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) 19

20 Add lines 18 and 19 20

21 If the estate or trust is filing Form 4952, enter the amount from line 4g, otherwise, enter -0- . . ▶ 21

22 Subtract line 21 from line 20 If zero or less, enter -0- 22

23 Subtract line 22 from line 17. If zero or less, enter -0- 23

24 Enter the **smaller** of the amount on line 17 or $2,050 24

25 Is the amount on line 23 equal to or more than the amount on line 24?
☐ **Yes.** Skip lines 25 through 27, go to line 28 and check the "No" box.
☐ **No.** Enter the amount from line 23 25

26 Subtract line 25 from line 24 26

27 Multiply line 26 by 5% (.05) 27

28 Are the amounts on lines 22 and 26 the same?
☐ **Yes.** Skip lines 28 through 31, go to line 32.
☐ **No.** Enter the **smaller** of line 17 or line 22 28

29 Enter the amount from line 26 (If line 26 is blank, enter -0-) 29

30 Subtract line 29 from line 28 30

31 Multiply line 30 by 15% (.15) 31

32 Figure the tax on the amount on line 23. Use the 2006 Tax Rate Schedule on page 23 of the instructions 32

33 Add lines 27, 31, and 32 33

34 Figure the tax on the amount on line 17. Use the 2006 Tax Rate Schedule on page 23 of the instructions 34

35 **Tax on all taxable income.** Enter the **smaller** of line 33 or line 34 here and on line 1a of Schedule G, Form 1041 35

PROFESSIONAL CONTRACT SERVICES, INC. 74-2786094

Schedule D Detail of Long-term Capital Gains and Losses

Description	Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Long-term Gain/Loss
CAPITAL GAINS (LOSSES) HELD FOR INVESTMENT PURPOSES					
SALE OF AUTOMOBILE	VAR	VAR	33,100.	20,624.	12,476.
TOTAL CAPITAL GAINS (LOSSES) HELD FOR INVESTMENT PURPOSES			33,100.	20,624.	12,476.
Totals			33,100.	20,624.	12,476.

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Form **4797**

Department of the Treasury Internal Revenue Service (99)

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

OMB No 1545-0184

2006

Attachment Sequence No 27

Name(s) shown on return: PROFESSIONAL CONTRACT SERVICES, INC.

Identifying number: 74-2786094

1 Enter the gross proceeds from sales or exchanges reported to you for 2006 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) . . . 1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

	(a) Description of property	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
2							

3	Gain, if any, from Form 4684, line 42	3	
4	Section 1231 gain from installment sales from Form 6252, line 26 or 37	4	
5	Section 1231 gain or (loss) from like-kind exchanges from Form 8824	5	
6	Gain, if any, from line 32, from other than casualty or theft	6	
7	Combine lines 2 through 6 Enter the gain or (loss) here and on the appropriate line as follows	7	

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9 If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below

8	Nonrecaptured net section 1231 losses from prior years (see instructions)	8	
9	Subtract line 8 from line 7. If zero or less, enter -0- If line 9 is zero, enter the gain from line 7 on line 12 below If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)	9	

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less)

SEE STATEMENT 1						12,476.

11	Loss, if any, from line 7	11	( )
12	Gain, if any, from line 7 or amount from line 8, if applicable	12	
13	Gain, if any, from line 31	13	
14	Net gain or (loss) from Form 4684, lines 34 and 41a	14	
15	Ordinary gain from installment sales from Form 6252, line 25 or 36	15	
16	Ordinary gain or (loss) from like-kind exchanges from Form 8824	16	
17	Combine lines 10 through 16	17	12,476.
18	For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below For individual returns, complete lines a and b below		
a	If the loss on line 11 includes a loss from Form 4684, line 38, column (b)(ii), enter that part of the loss here Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 27, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 22 Identify as from "Form 4797, line 18a." See instructions	18a	
b	Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a Enter here and on Form 1040, line 14	18b	

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255 (see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)
A		
B		
C		
D		

These columns relate to the properties on lines 19A through 19D. ▶		Property A	Property B	Property C	Property D
20 Gross sales price (**Note:** *See line 1 before completing*)	20				
21 Cost or other basis plus expense of sale	21				
22 Depreciation (or depletion) allowed or allowable	22				
23 Adjusted basis Subtract line 22 from line 21	23				
24 Total gain Subtract line 23 from line 20	24				
25 **If section 1245 property:**					
a Depreciation allowed or allowable from line 22	25a				
b Enter the **smaller** of line 24 or 25a	25b				
26 **If section 1250 property:** If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291					
a Additional depreciation after 1975 (see instructions)	26a				
b Applicable percentage multiplied by the **smaller** of line 24 or line 26a (see instructions)	26b				
c Subtract line 26a from line 24 If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c				
d Additional depreciation after 1969 and before 1976	26d				
e Enter the **smaller** of line 26c or 26d	26e				
f Section 291 amount (corporations only)	26f				
g Add lines 26b, 26e, and 26f	26g				
27 **If section 1252 property:** Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership)					
a Soil, water, and land clearing expenses	27a				
b Line 27a multiplied by applicable percentage (see instructions)	27b				
c Enter the **smaller** of line 24 or 27b	27c				
28 **If section 1254 property:**					
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a				
b Enter the **smaller** of line 24 or 28a	28b				
29 **If section 1255 property:**					
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a				
b Enter the **smaller** of line 24 or 29a (see instructions)	29b				

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30	
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b Enter here and on line 13	31	
32 Subtract line 31 from line 30 Enter the portion from casualty or theft on Form 4684, line 36 Enter the portion from other than casualty or theft on Form 4797, line 6	32	

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less (see instructions)

		(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33		
34 Recomputed depreciation (see instructions)	34		
35 Recapture amount. Subtract line 34 from line 33 See the instructions for where to report	35		

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PROFESSIONAL CONTRACT SERVICES, INC. 74-2786094

Supplement to Form 4797 Part II Detail

Description	Date Acquired	Date Sold	Gross Sales Price	Depreciation Allowed or Allowable	Cost or Other Basis	Gain or (Loss) for entire year
SALE OF AUTOMOBILE	VAR	VAR	33,100.	153,902.	174,526.	12,476.
Totals						12,476.