AS AMENDED

Form 990-PF Return of Private Foundation

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

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*

OMB No 1545-0052

2007

For calendar year 2007, or tax year beginning 07/01 **, 2007, and ending** 06/30/2008

G Check all that apply [ ] Initial return [ ] Final return [X] Amended return [ ] 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 10 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)* ▶ $ 24,300,288.

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)
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	386,518.	386,518.	386,518.	
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	34,921.			
b	Gross sales price for all assets on line 6a 57,856.				
7	Capital gain net income (from Part IV, line 2)		34,921.		
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)	43,307,286.	NONE	43,307,286.	STMT 2
12	**Total.** Add lines 1 through 11	43,728,725.	421,439.	43,693,804.	
13	Compensation of officers, directors, trustees, etc	1,197,751.	NONE	1,197,751.	NONE
14	Other employee salaries and wages	19,627,330.	NONE	19,627,330.	NONE
15	Pension plans, employee benefits	7,541,278.	NONE	7,541,278.	NONE
16a	Legal fees (attach schedule) STMT 3	80,090.	NONE	80,090.	NONE
b	Accounting fees (attach schedule) STMT 4	102,223.	NONE	102,223.	NONE
c	Other professional fees (attach schedule) STMT 5	252,022.	NONE	252,022.	NONE
17	Interest	7,819.	NONE	7,819.	NONE
18	Taxes (attach schedule) (see page 14 of the instructions)	33,370.	NONE	33,370.	NONE
19	Depreciation (attach schedule) and depletion	521,081.	NONE	521,081.	
20	Occupancy	747,378.	NONE	747,378.	NONE
21	Travel, conferences, and meetings	233,697.	NONE	233,697.	NONE
22	Printing and publications				
23	Other expenses (attach schedule) STMT 6	9,882,753.	NONE	9,882,753.	NONE
24	**Total operating and administrative expenses.** Add lines 13 through 23	40,226,792.	NONE	40,226,792.	NONE
25	Contributions, gifts, grants paid STMT 7	171,434.			104,955.
26	**Total expenses and disbursements.** Add lines 24 and 25	40,398,226.	NONE	40,226,792.	104,955.
27	Subtract line 26 from line 12				
a	**Excess of revenue over expenses and disbursements**	3,330,499.			
b	**Net investment income** (if negative, enter -0-)		421,439.		
c	**Adjusted net income** (if negative, enter -0-)			3,467,012.	

Revenue — Operating and Administrative Expenses

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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 (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing	2,973,812.	2,941,478.	2,941,478.
	2 Savings and temporary cash investments	8,352,790.	10,173,201.	10,173,201.
	3 Accounts receivable ▶ 6,257,590.			
	Less allowance for doubtful accounts ▶	5,344,956.	6,257,590.	6,257,590.
	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	81,328.	19,743.	19,743.
	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 12	310,290.	770,283.	770,283.
	14 Land, buildings, and equipment basis ▶ 6,103,585.			
	Less accumulated depreciation (attach schedule) ▶ 2,077,285.	3,013,749.	4,026,300.	4,026,300.
	15 Other assets (describe ▶ STMT 13)	87,338.	111,693.	111,693.
	16 Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	20,164,263.	24,300,288.	24,300,288.
Liabilities	17 Accounts payable and accrued expenses	2,048,844.	2,969,324.	
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)	51,212.	42,678.	STMT 14
	22 Other liabilities (describe ▶ STMT 15)	696,600.	630,187.	
	23 **Total liabilities** (add lines 17 through 22)	2,796,656.	3,642,189.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted	17,367,607.	20,658,099.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations 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 17 of the instructions)	17,367,607.	20,658,099.	
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	20,164,263.	24,300,288.	

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	17,367,607.
2	Enter amount from Part I, line 27a	2	3,330,499.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	20,698,106.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 16	5	40,007.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	20,658,099.

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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 — 34,921.

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 17 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 18 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))
2006	1,803,628.	NONE	NONE
2005	845,763.	NONE	NONE
2004	944,979.	NONE	NONE
2003	493,687.	NONE	NONE
2002	517,486.	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 2007 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	4,214.
7	Add lines 5 and 6	7	4,214.
8	Enter qualifying distributions from Part XII, line 4	8	1,661,523.

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 18

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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 ▶ ☐ 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	4,214.
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	4,214.
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	4,214.
6	Credits/Payments		
a	2007 estimated tax payments and 2006 overpayment credited to 2007 — 6a: 6,041.		
b	Exempt foreign organizations-tax withheld at source — 6b: NONE		
c	Tax paid with application for extension of time to file (Form 8868) — 6c: NONE		
d	Backup withholding erroneously withheld — 6d:		
7	Total credits and payments. Add lines 6a through 6d	7	6,041.
8	Enter any **penalty** for underpayment of estimated tax. Check here ☐ 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	1,827.
11	Enter the amount of line 10 to be **Credited to 2008 estimated tax** ▶ 1,827. **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 19 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 19 of the instructions) ▶ CO, IL, OK, TX, UT,			
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 2007 or the taxable year beginning in 2007 (see instructions for Part XIV)? *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

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Part VII-A Statements Regarding Activities *(continued)*

			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 page 20 of the 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 ▶ 512-615-8454

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 accrued 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.

			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 2007?	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 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007? ☐ 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		X
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 2007 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 2007.)*	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 2007?	4b		X

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 [X] 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 [X] No

(3) Provide a grant to an individual for travel, study, or other similar purposes? . . . . . . [ ] Yes [X] 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 page 22 of the instructions) . . . . . . [ ] Yes [X] 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 [X] 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 22 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? . . . . . . [ ] Yes [X] 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 [X] No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . . . **6b** X (No)

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 [X] No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? . . . . . . **7b** X (No)

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 17		959,587.	202,533.	35,631.

2 Compensation of five highest-paid employees (other than those included on line 1 - see page 23 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 19		409,478.	67,909.	16,403.

Total number of other employees paid over $50,000 . . . . . . ▶ 33

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 23 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
NONE		

Total number of others receiving over $50,000 for professional services ▶ NONE

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 DISABLED PERSONS. 523 DISABLED PERSONS WORKING AT 39 JOB SITES IN TEXAS, 43 AT 1 SITE IN OKLAHOMA, 94 AT 4 SITES IN COLORADO, AND	
2 4 AT 1 SITE IN ILLINOIS.	40,398,226.
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 24 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 24 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	10,547,304.
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	10,547,304.
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	10,547,304.
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions) SEE STATEMENT 20	4	10,547,304.
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	

Part XI Distributable Amount (see page 25 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 2007 from Part VI, line 5 2a		
b	Income tax for 2007 (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 25 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	104,955.
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	1,556,568.
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	1,661,523.
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 26 of the instructions)	5	4,214.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	1,657,309.

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*

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Part XIII Undistributed Income (see page 26 of the instructions)

		(a) Corpus	(b) Years prior to 2006	(c) 2006	(d) 2007
1	Distributable amount for 2007 from Part XI, line 7				
2	Undistributed income, if any, as of the end of 2006				
a	Enter amount for 2006 only				
b	Total for prior years ______, ______, ______				
3	Excess distributions carryover, if any, to 2007				
a	From 2002 NONE				
b	From 2003 493,687.				
c	From 2004 945,726.				
d	From 2005 848,990.				
e	From 2006 1,809,541.				
f	**Total** of lines 3a through e	4,097,944.			
4	Qualifying distributions for 2007 from Part XII, line 4 ▶ $ 1,661,523.				
a	Applied to 2006, 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 2007 distributable amount				
e	Remaining amount distributed out of corpus	1,661,523.			
5	Excess distributions carryover applied to 2007 *(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	5,759,467.			
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 2006 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions				
f	Undistributed income for 2007 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2008				
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8	Excess distributions carryover from 2002 not applied on line 5 or line 7 (see page 27 of the instructions)	NONE			
9	**Excess distributions carryover to 2008.** Subtract lines 7 and 8 from line 6a	5,759,467.			
10	Analysis of line 9				
a	Excess from 2003 493,687.				
b	Excess from 2004 945,726.				
c	Excess from 2005 848,990.				
d	Excess from 2006 1,809,541.				
e	Excess from 2007 1,661,523.				

Part XIV Private Operating Foundations (see page 27 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 2007, 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) 2007	(b) 2006	(c) 2005	(d) 2004	(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	1,661,523.	1,809,541.	848,990.	945,726.	5,265,780.
d Amounts included in line 2c not used directly for active conduct of exempt activities	104,955.	93,673.	101,555.	30,521.	330,704.
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c	1,556,568.	1,715,868.	747,435.	915,205.	4,935,076.
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets	24,300,288.	20,164,263.	17,232,475.	13,772,615.	75,469,641.
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)	24,300,288.	20,164,263.	17,232,475.	13,772,615.	75,469,641.
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 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).)

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 ▶ [ ] 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

SEE STATEMENT 21

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

WRITTEN

c Any submission deadlines

NONE

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

NONE

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				104,955.
***b** Approved for future payment*				
ACCRUED DONATIONS FOR FY 2008 718 FM 1626 WEST AUSTIN, TX 78748	NONE		GENERAL SUPPORT	146,479.
Total ▶ 3b				146,479.

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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 28 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					43,306,109.
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	386,518.	
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			01	1,177.	
8 Gain or (loss) from sales of assets other than inventory			18	34,921.	
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)				422,616.	43,306,109.

13 Total. Add line 12, columns (b), (d), and (e) . . . . . 13 43,728,725.

(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 | Date 7-27-10 | Title President & CEO

Paid Preparer's Use Only

Preparer's signature	Date 7/9/10	Check if self-employed ☐	Preparer's SSN or PTIN (See **Signature** on page 30 of the instructions)
Firm's name (or yours if self-employed), address, and ZIP code	ERNST & YOUNG U.S. LLP 2 NORTH CENTRAL AVENUE, SUITE 2300 PHOENIX, AZ 85005	EIN ▶ 34-6565596 Phone no 602-322-3000	

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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

2007

Name of estate or trust: PROFESSIONAL CONTRACT SERVICES, INC.

Employer identification number: 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 40 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
1a					

b	Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b	1b	
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 2006 Capital Loss Carryover Worksheet	4	( )
5	**Net short-term gain or (loss).** Combine lines 1a through 4 in column (f). Enter here and on line 13, column (3) on the back ▶	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 40 of the instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
6a					
SEE STATEMENT 1			57,856.	22,935.	34,921.

b	Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b	6b	
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 2006 Capital Loss Carryover Worksheet	11	( )
12	**Net long-term gain or (loss).** Combine lines 6a through 11 in column (f) Enter here and on line 14a, column (3) on the back ▶	12	34,921.

Part III Summary of Parts I and II
Caution: *Read the instructions* ***before*** *completing this part.*

			(1) Beneficiaries' (see page 41)	(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			34,921.
b	Unrecaptured section 1250 gain (see line 18 of the wrksht.)	14b			
c	28% rate gain	14c			
15	**Total net gain or (loss).** Combine lines 13 and 14a ▶	15			34,921.

Note: *If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a) 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*

Part IV Capital Loss Limitation

16 Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the **smaller** of
a The loss on line 15, column (3) **or** b $3,000 . . . 16 ( )

Note: *If the loss on line 15, column (3), is more than $3,000,* ***or*** *if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the* ***Capital Loss Carryover Worksheet*** *on page 42 of the instructions to figure your capital loss carryover*

Part V Tax Computation Using Maximum Capital Gains Rates

Form 1041 filers. 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.

Caution: *Skip this part and complete the worksheet on page 43 of the instructions if*

- *Either line 14b, col (2) or line 14c, col. (2) is more than zero, or*
- *Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero*

Form 990-T trusts. Complete this part **only** if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, **and** Form 990-T, line 34, is more than zero. Skip this part and complete the worksheet on page 43 of the instructions if either line 14b, col. (2) or line 14c, col. (2) is more than zero.

17	Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34)	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) (or enter the qualified dividends included in income in Part I of Form 990-T)	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 $2,150	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 thru 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 2007 Tax Rate Schedule on page 27 of the instructions	32	
33	Add lines 27, 31, and 32	33	
34	Figure the tax on the amount on line 17. Use the 2007 Tax Rate Schedule on page 27 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 (or line 36 of Form 990-T)	35	

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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)	
		AUTOMOBILE PROPERTY TYPE: OTHER				P	VAR	VAR
55,866.		17,300.					38,566.	
		EQUIPMENT PROPERTY TYPE: OTHER				P	VAR	VAR
1,990.		5,635.					-3,645.	
TOTAL GAIN(LOSS)							34,921.	

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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	2,541,217
FURNITURE & OFFICE EQUIPMENT	482,600
LEASEHOLD IMPROVEMENTS	0
CIP - BUILDING	2,698,752
CIP - LAND	381,016
TOTAL BASIS	6,103,585
LESS: ACCUMULATED DEPRECIATION	(2,077,285)
NET PPE	4,026,300

DEPRECIATION EXPENSE CURRENT YEAR: 521,081

DEPRECIATION EXPENSE IS CALCULATED USING THE STRAIGHT LINE METHOD.

FORM 990PF, PART I - OTHER INCOME

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME
GOVERNMENT SERVICE CONTRACTS	43,306,109.	NONE	43,306,109.
OTHER INCOME	1,177.	NONE	1,177.
TOTALS	43,307,286.	NONE	43,307,286.

FORM 990PF, PART I - LEGAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
LEGAL FEES	80,090.	NONE	80,090.	NONE
TOTALS	80,090.	NONE	80,090.	NONE

FORM 990PF, PART I - ACCOUNTING FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
ACCOUNTING FEES	102,223.	NONE	102,223.	NONE
TOTALS	102,223.	NONE	102,223.	NONE

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
PROFESSIONAL FEES	41,682.	NONE	41,682.	NONE
COMPUTER SUPPORT & ADP	210,340.	NONE	210,340.	NONE
TOTALS	252,022.	NONE	252,022.	NONE

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
AUTOMOBILE EXPENSES	308,513.	NONE	308,513.	NONE
DUES & SUBSCRIPTIONS	114,551.	NONE	114,551.	NONE
FREIGHT & POSTAGE	43,971.	NONE	43,971.	NONE
INSURANCE	1,132,495.	NONE	1,132,495.	NONE
REPAIRS & MAINTENANCE	187,912.	NONE	187,912.	NONE
SMALL TOOLS & EQUIPMENT	86,675.	NONE	86,675.	NONE
SUBCONTRACT	5,111,164.	NONE	5,111,164.	NONE
SUPPLIES	2,450,166.	NONE	2,450,166.	NONE
TELEPHONE	163,504.	NONE	163,504.	NONE
UNIFORMS/SAFETY EXPENSE	283,802.	NONE	283,802.	NONE
TOTALS	9,882,753.	NONE	9,882,753.	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			
WESTAUSTIN WRANGLERS PO BOX 5092 AUSTIN, TX 78763	NONE 509(A)(2)	GENERAL SUPPORT	500.
DENVER SHERIFF UNION 1337 DELAWARE STREET DENVER, CO 80204	NONE 501(C)(8)	TICKETS TO A CHARITY EVENT PURCHASED FROM THE SHERIFFS AND DONATED TO CHARITY.	150.
MISSION ROAD MINISTRIES 8‾06 MISSION ROAD SAN ANTONIO, TX 78214	NONE 509(A)(2)	GENERAL SUPPORT	10,000.
SAMMY'S HOUSE 2415 TWIN OAK DRIVE AUSTIN, TX 78757	NONE 509(A)(2)	GENERAL SUPPORT	5,000.
USA YOUTH SOCCER 12015 MANCHACA AUSTIN, TX 78748	NONE 509(A)(2)	GENERAL SUPPORT	255.
SAN ANTONIO WHEELCHAIR PO BOX 33394 SAN ANTONIO, TX 78265	NONE 509(A)(2)	GENERAL SUPPORT	1,500.

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 TEXAS P.O. BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	1,200.
EASTER SEAL CENTRAL 1611 HEADWAY CIRCLE AUSTIN, TX 78754	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
HENRY GARLICK FOR 4 H CLUB TEXAS PO BOX 11020 COLLEGE STATION, TX 77842	NONE 509(A)(2)	GENERAL SUPPORT	100.
AUSTIN EXTREME FOR SAMMY'S HOUSE 2415 TWIN OAK DRIVE AUSTIN, TX 78757	NONE 509(A)(2)	GENERAL SUPPORT	2,750.
SUNSHINE KIDS 2814 VIRGINIA HOUSTON, TX 77098	NONE 509(A)(2)	GENERAL SUPPORT	1,000.
RISE SCHOOL OF AUSTIN 4220 MONTEREY OAKS BOULEVARD AUSTIN, TX 78749	NONE 509(A)(1)	GENERAL SUPPORT	10,000.
TEXAS SCHOOL OF THE BLIND AND VISUALLY IMPAIRED 1100 WEST 45TH STREET AUSTIN, TX 78756	NONE 509(A)(2)	GENERAL SUPPORT	20,000.

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
TEXAS SCHOOL OF THE DEAF FOUNDATION 1102 SOUTH CONGRESS AUSTIN, TX 78704	NONE 509(A)(2)	GENERAL SUPPORT	20,000.
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.
MILITARY ORDER OF COOTIES POST OFFICE BOX 904 COOPERAS COVE, TX 76522	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS TEXAS POST OFFICE BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
ACHIEVERS CENTER FOR EDUCATION 5084 DE ZAVAKA ROAD SAN ANTONIO, TX 78249	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 OF SAN ANTONIO 13430 WEST AVENUE SAN ANTONIO, TX 78216	NONE 509(A)(1)	GENERAL SUPPORT	5,000.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78212	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
HABITAT FOR HUMANITY 2601 ATKINSON AVENUE KILEEN, TX 76543	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS POST OFFICE BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
		TOTAL CONTRIBUTIONS PAID	104,955.

GRANTS ACCRUED

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
ACCRUED DONATIONS FOR FY 2008 718 FM 1626 WEST AUSTIN, TX 78748	NONE	GENERAL SUPPORT	146,479.

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
		TOTAL APPROVED CONTRIBUTIONS ACCRUED	146,479.
		TOTAL CONTRIBUTIONS PAID AND ACCRUED	251,434.

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FORM 990PF, PART II - OTHER INVESTMENTS

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
OTHER INVESTMENTS - DEF COMP	310,290.	770,283.	770,283.
TOTALS	310,290.	770,283.	770,283.

FORM 990PF, PART II - OTHER ASSETS

DESCRIPTION	BEGINNING BOOK VALUE	ENDING BOOK VALUE	ENDING FMV
SECURITY DEPOSIT	87,338.	69,384.	69,384.
OTHER ASSET	NONE	42,309.	42,309.
TOTALS	87,338.	111,693.	111,693.

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	51,212.
ENDING BALANCE DUE	42,678.
TOTAL BEGINNING MORTGAGES AND OTHER NOTES PAYABLE	51,212.
TOTAL ENDING MORTGAGES AND OTHER NOTES PAYABLE	42,678.

FORM 990PF, PART II - OTHER LIABILITIES

DESCRIPTION		BEGINNING BOOK VALUE	ENDING BOOK VALUE
LONG TERM DEF COMP LIAB		696,600.	630,187.
	TOTALS	696,600.	630,187.

FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCES

DESCRIPTION		AMOUNT
UNREALIZED LOSS ON INVESTMENTS		40,007.
	TOTAL	40,007.

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

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK 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	373,173.	76,983.	10,969.
MICHAEL CLOUD 718 FM 1626 WEST 100 AUSTIN, TX 78748	VICE PRESIDENT 40.00	173,075.	42,842.	8,814.
CARROLL SCHUBERT 718 FM 1626 WEST 100 AUSTIN, TX 78748	EXEC VICE PRESIDENT 40.00	198,714.	34,551.	7,395.
MIKE WILKE 718 FM 1626 WEST 100 AUSTIN, TX 78748	CFO 40.00	179,289.	45,658.	8,453.
TRINA BAUMGARTEN 718 FM 1626 WEST 100 AUSTIN, TX 78748	CONTROLLER TREASURER 40.00	35,336.	2,499.	NONE

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

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
	GRAND TOTALS	959,587.	202,533.	35,631.

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

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
DAVID NAVARRO 718 FM 1626 WEST BLDG 100 AUSTIN, TX 78748	FIRE TECHNICIAN 40.00	76,686.	12,164.	NONE
ERICK RODAS 718 FM 1626 WEST BLDG 100 AUSTIN, TX 78748	OPS MANAGER 40.00	78,168.	18,483.	5,457.
DAVID MC GREW 718 FM 1626 WEST BLDG 100 AUSTIN, TX 78748	PROJECT MANAGER 40.00	81,310.	10,598.	7,527.
PETER KUTHEIS 718 FM 1626 WEST BLDG 100 AUSTIN, TX 78748	CONTRACT MANAGER 40.00	84,194.	8,335.	3,419.
PHILLIP A KETCHUM 718 FM 1626 WEST BLDG 100 AUSTIN, TX 78748	PROJECT MANAGER 40.00	89,120.	18,329.	NONE
	TOTAL COMPENSATION	409,478.	67,909.	16,403.

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 $10,547,304 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 VALE OF THE FOUNDATION'S NONCHARITABLE ASSETS: $0
2. 1.5% OF LINE 1: $0
3. FACTS AND CIRCUMSTANCE 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 6/30/2008 WERE $40,226,792 AND THE FOUNDATION PURCHASED $1,556,568 OF PROPERTY AND EQUIPMENT TO BE USED BY THE FOUNDATION FOR IT CHARITABLE ACTIVITIES.

FORM 990PF, PART XV - NAME, ADDRESS AND PHONE FOR APPLICATIONS

ACE BURT
718 W FM 1626
AUSTIN, TX 78748
512-358-8887

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
WESTAUSTIN WRANGLERS PO BOX 5092 AUSTIN, TX 78763	NONE 509(A)(2)	GENERAL SUPPORT	500.
DENVER SHERIFF UNION 1337 DELAWARE STREET DENVER, CO 80204	NONE 501(C)(8)	TICKETS TO A CHARITY EVENT PURCHASED FROM THE SHERIFFS AND DONATED TO CHARITY.	150.
MISSION ROAD MINISTRIES 8706 MISSION ROAD SAN ANTONIO, TX 78214	NONE 509(A)(2)	GENERAL SUPPORT	10,000.
SAMMY'S HOUSE 2415 TWIN OAK DRIVE AUSTIN, TX 78757	NONE 509(A)(2)	GENERAL SUPPORT	5,000.
USA YOUTH SOCCER 12015 MANCHACA AUSTIN, TX 78748	NONE 509(A)(2)	GENERAL SUPPORT	255.
SAN ANTONIO WHEELCHAIR PO BOX 33394 SAN ANTONIO, TX 78265	NONE 509(A)(2)	GENERAL SUPPORT	1,500.

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
SPECIAL OLYMPICS TEXAS P.O. BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	1,200.
EASTER SEAL CENTRAL 1611 HEADWAY CIRCLE AUSTIN, TX 78754	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
HENRY GARLICK FOR 4 H CLUB TEXAS PO BOX 11020 COLLEGE STATION, TX 77842	NONE 509(A)(2)	GENERAL SUPPORT	100.
AUSTIN EXTREME FOR SAMMY'S HOUSE 2415 TWIN OAK DRIVE AUSTIN, TX 78757	NONE 509(A)(2)	GENERAL SUPPORT	2,750.
SUNSHINE KIDS 2814 VIRGINIA HOUSTON, TX 77098	NONE 509(A)(2)	GENERAL SUPPORT	1,000.
RISE SCHOOL OF AUSTIN 4220 MONTEREY OAKS BOULEVARD AUSTIN, TX 78749	NONE 509(A)(1)	GENERAL SUPPORT	10,000.
TEXAS SCHOOL OF THE BLIND AND VISUALLY IMPAIRED 1100 WEST 45TH STREET AUSTIN, TX 78756	NONE 509(A)(2)	GENERAL SUPPORT	20,000.

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
TEXAS SCHOOL OF THE DEAF FOUNDATION 1102 SOUTH CONGRESS AUSTIN, TX 78704	NONE 509(A)(2)	GENERAL SUPPORT	20,000.
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.
MILITARY ORDER OF COOTIES POST OFFICE BOX 904 COOPERAS COVE, TX 76522	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS TEXAS POST OFFICE BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
ACHIEVERS CENTER FOR EDUCATION 5084 DE ZAVAKA ROAD SAN ANTONIO, TX 78249	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 OF SAN ANTONIO 13430 WEST AVENUE SAN ANTONIO, TX 78216	NONE 509(A)(1)	GENERAL SUPPORT	5,000.
RESPITE CARE OF SAN ANTONIO 615 BELKNAP SAN ANTONIO, TX 78212	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
HABITAT FOR HUMANITY 2601 ATKINSON AVENUE KILEEN, TX 76543	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
SPECIAL OLYMPICS POST OFFICE BOX 131567 HOUSTON, TX 77219	NONE 509(A)(2)	GENERAL SUPPORT	2,500.
		TOTAL CONTRIBUTIONS PAID	104,955.

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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					
AUTOMOBILE	VAR	VAR	55,866.	17,300.	38,566.
EQUIPMENT	VAR	VAR	1,990.	5,635.	-3,645.
TOTAL CAPITAL GAINS (LOSSES) HELD FOR INVESTMENT PURPOSES			57,856.	22,935.	34,921.
Totals			57,856.	22,935.	34,921.

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