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

2008

Department of the Treasury  
Internal Revenue Service

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

For calendar year 2008, or tax year beginning

, 2008, and ending

G Check all that apply:		Initial return	Final return	<input checked="" type="checkbox"/> Amended return	Address change	Name change	
<b>Use the IRS label.</b> <b>Otherwise, print or type.</b> <b>See Specific Instructions.</b>	Name of foundation <b>SEVEN CITIES FOUNDATION</b>			<b>A</b> Employer identification number <b>32-0181077</b>			
	Number and street (or P O box number if mail is not delivered to street address) <b>200 W. HOUSTON AVENUE</b>			<b>B</b> Room/suite <b>(956) 688-5757</b>			
	City or town <b>MCALLEN</b>			State ZIP code <b>TX 78501</b>			
	<b>H</b> Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation						
	<b>I</b> Fair market value of all assets at end of year <i>(from Part II, column (c), line 16)</i> <b>► \$ 3,193,050.</b>			<b>J</b> Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____			
				<i>(Part I, column (d) must be on cash basis.)</i>			
<b>Part I Analysis of Revenue and Expenses</b> <i>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions).)</i>				<b>(a) Revenue and expenses per books</b>	<b>(b) Net investment income</b>	<b>(c) Adjusted net income</b>	<b>(d) Disbursements for charitable purposes (cash basis only)</b>
<b>REVENUE</b>	1 Contributions, gifts, grants, etc, received (att sch)						
	2 Ck <input type="checkbox"/> if the foundn is not req to att Sch B						
	3 Interest on savings and temporary cash investments	61,048.	61,048.				
	4 Dividends and interest from securities						
	5a Gross rents						
	b Net rental income or (loss)						
	6a Net gain/(loss) from sale of assets not on line 10						
	b Gross sales price for all assets on line 6a						
	7 Capital gain net income (from Part IV, line 2)						
	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/(loss) (att sch)							
11 Other income (attach schedule)							
12 Total. Add lines 1 through 11	61,048.	61,048.					
<b>ADMINISTRATIVE EXPENSES</b>	13 Compensation of officers, directors, trustees, etc						
	14 Other employee salaries and wages						
	15 Pension plans, employee benefits						
	16a Legal fees (attach schedule)						
	b Accounting fees (attach sch)	835.					
	c Other prof fees (attach sch)						
	17 Interest	JAN 13 2010					
	18 Taxes (attach schedule) See Line 18 Stmt	IROSC	1,710.				
	19 Depreciation (attach sch) and depletion						
	20 Occupancy						
	21 Travel, conferences, and meetings						
	22 Printing and publications						
23 Other expenses (attach schedule)							
24 Total operating and administrative expenses. Add lines 13 through 23	2,545.						
25 Contributions, gifts, grants paid	163,659.		163,659.				
26 Total expenses and disbursements. Add lines 24 and 25	166,204.		163,659.				
27 Subtract line 26 from line 12:							
a Excess of revenue over expenses and disbursements	-105,156.						
b Net investment income (if negative, enter -0-)		61,048.					
c Adjusted net income (if negative, enter -0-)							

6-15  
14

<b>Part II</b> <b>Balance Sheets</b>		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
<b>A S S E T S</b>	1	Cash – non-interest-bearing	2,620,752.	9,560.	9,560.
	2	Savings and temporary cash investments	677,454.	3,183,490.	3,183,490.
	3	Accounts receivable			
		Less: allowance for doubtful accounts			
	4	Pledges receivable			
		Less: allowance for doubtful accounts			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions)			
	7	Other notes and loans receivable (attach sch)			
		Less: allowance for doubtful accounts			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments – U.S. and state government obligations (attach schedule)			
	b	Investments – corporate stock (attach schedule)			
	c	Investments – corporate bonds (attach schedule)			
<b>L I A B I L I T I E S</b>	11	Investments – land, buildings, and equipment: basis			
		Less: accumulated depreciation (attach schedule)			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule)			
	14	Land, buildings, and equipment: basis			
		Less accumulated depreciation (attach schedule)			
	15	Other assets (describe ▶ )			
	16	<b>Total assets</b> (to be completed by all filers – see instructions. Also, see page 1, item I)	3,298,206.	3,193,050.	3,193,050.
<b>N F E T U N D A S S B A E L T A S N C O R E S</b>	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶ )			
	23	<b>Total liabilities</b> (add lines 17 through 22)			
		Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.	▶ <input type="checkbox"/>		
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.	▶ <input checked="" type="checkbox"/>		
	27	Capital stock, trust principal, or current funds	3,140,961.	3,140,961.	
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	157,245.	52,089.	
	30	<b>Total net assets or fund balances</b> (see the instructions)	3,298,206.	3,193,050.	
	31	<b>Total liabilities and net assets/fund balances</b> (see the instructions)	3,298,206.	3,193,050.	

**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	3,298,206.
2	Enter amount from Part I, line 27a	2	-105,156.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	3,193,050.
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	3,193,050.

**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 shares MLC Company)			(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a					
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) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))	
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any			
a					
b					
c					
d					
e					
2 Capital gain net income or (net capital loss). <span style="float: right;">[ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 ]</span>				2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):  If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8 <span style="float: right;">[ ]</span>				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 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 (column (b) divided by column (c))
2007	38,596.	3,357,496.	0.011495
2006	0.	3,100,109.	0.000000
2005			
2004			
2003			
<b>2 Total of line 1, column (d)</b>			2 0.011495
<b>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</b>			3 0.005748
<b>4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5</b>			4 2,244,714.
<b>5 Multiply line 4 by line 3</b>			5 12,903.
<b>6 Enter 1% of net investment income (1% of Part I, line 27b)</b>			6 610.
<b>7 Add lines 5 and 6</b>			7 13,513.
<b>8 Enter qualifying distributions from Part XII, line 4</b>			8 163,659.

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.

**Part VI | Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 – see 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 ►  and enter 1% of Part I, line 27b

c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (b)

2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)

3 Add lines 1 and 2

4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)

5 **Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-

6 Credits/Payments:

a 2008 estimated tax pmts and 2007 overpayment credited to 2008

b Exempt foreign organizations – tax withheld at source

c Tax paid with application for extension of time to file (Form 8868)

d Backup withholding erroneously withheld

7 Total credits and payments. Add lines 6a through 6d

8 Enter any **penalty** for underpayment of estimated tax. Check here  if Form 2220 is attached

9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed

10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid

11 Enter the amount of line 10 to be: Credited to 2009 estimated tax ►

Refunded

6a  
6b  
6c  
6d1 610.  
2 0.  
3 610.  
4 0.  
5 610.  
7  
8 19.  
9 629.  
10 0.  
11**Part VII-A | Statements Regarding Activities**

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?

Yes No  
1a X

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see 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.*

1c X

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

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:

(1) On the foundation ► \$ \_\_\_\_\_ (2) On foundation managers ► \$ \_\_\_\_\_

e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ \_\_\_\_\_

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

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

6 X

• By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?

7 X

7 Did the foundation have at least \$5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV*

8a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► \_\_\_\_\_

TEXAS

8b X

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*

9 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 2008 or the taxable year beginning in 2008 (see instructions for Part XIV)? *If 'Yes,' complete Part XIV*10 Did any persons become substantial contributors during the tax year? *If 'Yes,' attach a schedule listing their names and addresses.*

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**Part VII-A | Statements Regarding Activities Continued**

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(3)? If 'Yes', attach schedule (see instructions) 11  X

12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008? 12  X

13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address 13  X

14 The books are in care of ▶ CHARLES E THOMPSON, JR Telephone no. ▶ (956) 688-5757  
Located at ▶ 205 W HOUSTON MCALLEN TX ZIP + 4 ▶ 78501-2822 15

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 – Check here and enter the amount of tax-exempt interest received or accrued during the year 15

**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.

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 the instructions)?Organizations relying on a current notice regarding disaster assistance check here 1b 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 2008? 1c  X2 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)): 1d a At the end of tax year 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008?  Yes  NoIf 'Yes,' list the years ▶ 20\_\_, 20\_\_, 20\_\_, 20\_\_.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 the instructions) 2b c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here.▶ 20\_\_, 20\_\_, 20\_\_, 20\_\_.3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?  Yes  Nob If 'Yes,' did it have excess business holdings in 2008 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 2008) 3b 4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a  Xb 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 2008? 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))?

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

(3) Provide a grant to an individual for travel, study, or other similar purposes?

(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)

(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 Yes  No Yes  No Yes  No Yes  Nob 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 instructions)?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?

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?

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?

 Yes  No

5b

6b

X

7b

**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 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
CHARLES E THOMPSON, JR 314 S 11TH ST, McALLEN TX 78501	PRESIDENT 5.00	0.	0.	0.
JONATHAN BEVIL 314 S 11TH ST, McALLEN TX 78501	VICE PRESIDENT 1.00	0.	0.	0.
MARLA LUCE 314 S 11TH ST, McALLEN TX 78501	SECRETARY 1.00	0.	0.	0.
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**2 Compensation of five highest-paid employees (other than those included on line 1— see instructions). If none, enter 'NONE.'**

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				
0				
0				
0				
0				

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

&gt;

None

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**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 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 \_\_\_\_\_

2 \_\_\_\_\_

3 \_\_\_\_\_

4 \_\_\_\_\_

**Part IX-B** Summary of Program-Related Investments (see instructions)

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

**Amount**

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

All other program-related investments. See instructions.

3 \_\_\_\_\_

**Total.** Add lines 1 through 3.

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**Part X Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see 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
  - b Average of monthly cash balances
  - c Fair market value of all other assets (see instructions)
  - d Total** (add lines 1a, b, and c) .
  - e Reduction claimed for blockage or other factors reported on lines 1a and 1c  
(attach detailed explanation)
- 2 Acquisition indebtedness applicable to line 1 assets
- 3 Subtract line 2 from line 1d
- 4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3  
(for greater amount, see instructions)
- 5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4
- 6 **Minimum investment return.** Enter 5% of line 5

1a	
1b	2,278,897.
1c	
1d	2,278,897.
1e	
2	
3	2,278,897.
4	34,183.
5	2,244,714.
6	112,236.

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

- 1 Minimum investment return from Part X, line 6
- 2a Tax on investment income for 2008 from Part VI, line 5
- b Income tax for 2008. (This does not include the tax from Part VI.)
- c Add lines 2a and 2b
- 3 Distributable amount before adjustments. Subtract line 2c from line 1
- 4 Recoveries of amounts treated as qualifying distributions
- 5 Add lines 3 and 4
- 6 Deduction from distributable amount (see instructions)
- 7 **Distributable amount as adjusted.** Subtract line 6 from line 5. Enter here and on Part XIII, line 1

1	112,236.
2a	610.
2b	
2c	610.
3	111,626.
4	
5	111,626.
6	
7	111,626.

**Part XII Qualifying Distributions** (see 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
  - b Program-related investments – total from Part IX-B
- 2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes
- 3 Amounts set aside for specific charitable projects that satisfy the:
  - a Suitability test (prior IRS approval required)
  - b Cash distribution test (attach the required schedule)
- 4 **Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4
- 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 instructions)
- 6 **Adjusted qualifying distributions.** Subtract line 5 from line 4

1a	163,659.
1b	
2	
3a	
3b	
4	163,659.
5	610.
6	163,049.

**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 instructions)**

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				111,626.
2 Undistributed income, if any, as of the end of 2007:				
a Enter amount for 2007 only				163,502.
b Total for prior years: 20 ___, 20 ___, 20 ___				
3 Excess distributions carryover, if any, to 2008:				
a From 2003	0.			
b From 2004	0.			
c From 2005	0.			
d From 2006	0.			
e From 2007	0.			
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2008 from Part XII, line 4 ► \$ 163,659.				
a Applied to 2007, but not more than line 2a				163,502.
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2008 distributable amount				157.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2008 (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	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount – see instructions		0.		
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2008. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				111,469.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2003 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2004	0.			
b Excess from 2005	0.			
c Excess from 2006	0.			
d Excess from 2007	0.			
e Excess from 2008	0.			

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Form 990-PF (2008)



**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
<i>a Paid during the year</i> SEE SCHEDULE		NONE	NONE	163,659.
<b>Total</b>				► 3a 163,659.
<i>b Approved for future payment</i>				
<b>Total</b>				► 3b

## Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	61,048.	
4 Dividends and interest from securities			14		
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		
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)				61,048.	
13 Total. Add line 12, columns (b), (d), and (e)					61,048.

(See worksheet in the instructions for line 13 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 the instructions.)
NONE	

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

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
- (2) Other assets

**b Other transactions:**

- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitation

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

	Yes	No
<b>1a (1)</b>	X	
<b>1a (2)</b>	X	
<b>1b (1)</b>	X	
<b>1b (2)</b>	X	
<b>1b (3)</b>	X	
<b>1b (4)</b>	X	
<b>1b (5)</b>	X	
<b>1b (6)</b>	X	
<b>1c</b>	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.

**2a** 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.

<b>(a) Name of organization</b>	<b>(b) Type of organization</b>	<b>(c) Description of relationship</b>

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.

SIG ► Mark E. Thompson Jr.  
Signature of officer or trustee

Dec. 23, 2009 ► PRESIDENT

► Wanda E.

Date \_\_\_\_\_

Title

<b>Paid Preparer's Use Only</b>	Preparer's signature ► 	Date 12/23/09	Check if self-employed ► <input checked="" type="checkbox"/>	Preparer's Identifying number (See Signature in the instrs)
	Firm's name (or yours if self-employed), address, and ZIP code ► <b>KENNETH BURFORD CPA JD</b> ► <b>2041 ORCHID AVE</b> ► <b>MCALLEN</b>	EIN ►	Phone no ► <b>(956) 682-2884</b>	

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**Form 990-PF (2008)**

**Schedule B**  
(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0047

**Schedule of Contributors**

► Attach to Form 990, 990-EZ and 990-PF  
► See separate Instructions.

**2008**

Name of the organization

**SEVEN CITIES FOUNDATION**

Employer identification number

**32-0181077**

Organization type (check one):

Filers of:

Form 990 or 990-EZ

**Section:**

501(c)( \_\_\_\_ ) (enter number) organization  
 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation  
 527 political organization

Form 990-PF

501(c)(3) exempt private foundation  
 4947(a)(1) nonexempt charitable trust treated as a private foundation  
 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**. (Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.)

**General Rule** —

For organizations filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules** —

For a section 501(c)(3) organization filing Form 990, or Form 990-EZ, that met the 33-1/3% support test of the regulations under sections 509(a)(1)/170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on Form 990, Part VIII, line 1h or 2% of the amount on Form 990-EZ, line 1. Complete Parts I and II.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, aggregate contributions or bequests of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For a section 501(c)(7), (8), or (10) organization filing Form 990, or Form 990-EZ, that received from any one contributor, during the year, some contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not aggregate to more than \$1,000. (If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose. Do not complete any of the Parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of \$5,000 or more during the year.) ► \$ \_\_\_\_\_

**Caution:** Organizations that are not covered by the General Rule and/or the Special Rules do not file Schedule B (Form 990, 990-EZ, or 990-PF) but they **must** answer 'No' on Part IV, line 2 of their Form 990, or check the box in the heading of their Form 990-EZ, or on line 2 of their Form 990-PF, to certify that they do not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

**BAA** For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990. These instructions will be issued separately.

**Schedule B** (Form 990, 990-EZ, or 990-PF) (2008)

Form 990-PF, Page 1, Part I, Line 18

**Line 18 Stmt**

Taxes (see the instructions)	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
<b>FEDERAL INCOME TAX</b>	<b>1,683.</b>			
<b>office supplies</b>	<b>27.</b>			
<b>Total</b>	<b><u>1,710.</u></b>			

**Supporting Statement of:****Form 990-PF, p2/Line 1(a)**

Description	Amount
	26,847.
	2,569,977.
	5,960.
	58,557.
	-40,589.
Total	<u>2,620,752.</u>

**Supporting Statement of:****Form 990-PF, p2/Line 2(a)**

Description	Amount
	652,593.
	24,861.
Total	<u>677,454.</u>

**Supporting Statement of:****Form 990-PF, p2/Line 29(a)**

Description	Amount
	31,845.
	125,398.
	2.
Total	<u>157,245.</u>

**Supporting Statement of:****Form 990-PF, p2/Line 2(b)**

Description	Amount
	2,486,321.
	697,169.
Total	<u>3,183,490.</u>

SEVEN CITIES FOUNDATION  
EIN 32-0181077  
STATEMENT CONCERNING AMENDED RETURN  
FORM 990-PF

This return is amended in the following respects:

Page 3, line 4 was changed to \$ 2,244,714

Page 8, Part X was changed in its entirety

Page 8, Part XI was changed in its entirety

Page 9, Part III, line 1 was changed to \$ 111,626