Form **990-PF**

Department of the Treasury
Internal Revenue Service (77)

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

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

OMB No. 1545-0052

2008

For calendar year 2008, or tax year beginning 12/01 **, 2008, and ending** 11/30 , 2009

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

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

M. G. & LILLIE A. JOHNSON
FOUNDATION, INC.
P. O. BOX 2269
VICTORIA, TX 77902-2269

A Employer identification number: 74-6076961

B Telephone number (see the instructions): (361) 575-7970

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: ☐ 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, column (c), line 16)* ▶$ 61,892,241.

J Accounting method: ☒ Cash ☐ 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 the instructions).)*	**(a)** Revenue and expenses per books	**(b)** Net investment income	**(c)** Adjusted net income	**(d)** Disbursements for charitable purposes (cash basis only)
Revenue				
1 Contributions, gifts, grants, etc, received (att sch)				
2 Ck ▶ ☒ if the foundn is not req to att Sch B				
3 Interest on savings and temporary cash investments			N/A	
4 Dividends and interest from securities	1,750,471.	1,750,471.		
5a Gross rents	92,223.	92,223.		
b Net rental income or (loss) 90,256.				
6a Net gain/(loss) from sale of assets not on line 10	65,602.			
b Gross sales price for all assets on line 6a 386,834.				
7 Capital gain net income (from Part IV, line 2)		65,602.		
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) See Statement 1	1,282,501.	1,282,501.		
12 **Total.** Add lines 1 through 11	3,190,797.	3,190,797.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc.	167,518.	151,018.		16,500.
14 Other employee salaries and wages	8,720.	8,720.		
15 Pension plans, employee benefits	29,942.	29,942.		
16a Legal fees (attach schedule) See St. 2	17,075.	17,075.		
b Accounting fees (attach sch) See St. 3	10,850.	10,850.		
c Other prof fees (attach sch) See St. 4	63,322.	63,322.		
17 Interest				
18 Taxes (attach schedule) See Stmt 5	98,829.	72,012.		
19 Depreciation (attach sch) and depletion	784.	784.		
20 Occupancy	13,108.	13,108.		
21 Travel, conferences, and meetings	9,285.	1,745.		7,540.
22 Printing and publications				
23 Other expenses (attach schedule) See Statement 6	1,481,358.	1,481,358.		
24 **Total operating and administrative expenses.** Add lines 13 through 23	1,900,791.	1,849,934.		24,040.
25 Contributions, gifts, grants paid Part XV	3,281,144.			3,281,144.
26 **Total expenses and disbursements.** Add lines 24 and 25	5,181,935.	1,849,934.		3,305,184.
27 Subtract line 26 from line 12:				
a **Excess of revenue over expenses and disbursements**	-1,991,138.			
b **Net investment income** (if negative, enter -0-)		1,340,863.		
c **Adjusted net income** (if negative, enter -0-)				

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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	(c) Fair Market Value
ASSETS 1	Cash – non-interest-bearing			
2	Savings and temporary cash investments	6,014,220.	7,534,799.	7,534,799.
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)	3,244,099.	169,406.	177,506.
b	Investments – corporate stock (attach schedule)	33,118,794.	33,742,770.	41,324,023.
c	Investments – corporate bonds (attach schedule)	7,575,605.	6,494,605.	6,090,510.
11	Investments – land, buildings, and equipment: basis ▶ 2,680,329.			
	Less: accumulated depreciation (attach schedule) See Stmt 7 ▶	2,680,329.	2,680,329.	4,539,383.
12	Investments – mortgage loans	58,963.	38,850.	38,850.
13	Investments – other (attach schedule)			
14	Land, buildings, and equipment: basis ▶ 17,786.			
	Less: accumulated depreciation (attach schedule) See Stmt 8 ▶ 14,161.	4,016.	3,625.	3,625.
15	Other assets (describe ▶ See Statement 9)	12,072.	54,256.	2,183,545.
16	Total assets (to be completed by all filers – see instructions. Also, see page 1, item I)	52,708,098.	50,718,640.	61,892,241.
LIABILITIES 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 ▶ See Statement 10)		1,680.	
23	Total liabilities (add lines 17 through 22)	0.	1,680.	
NET ASSETS OR FUND BALANCES	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] and complete lines 27 through 31.			
27	Capital stock, trust principal, or current funds	44,276,701.	44,340,991.	
28	Paid-in or capital surplus, or land, building, and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds	8,431,397.	6,375,969.	
30	Total net assets or fund balances (see the instructions)	52,708,098.	50,716,960.	
31	Total liabilities and net assets/fund balances (see the instructions)	52,708,098.	50,718,640.	

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	52,708,098.
2	Enter amount from Part I, line 27a	2	-1,991,138.
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	50,716,960.
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	50,716,960.

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	SCHEDULE ATTACHED	P	Various	Various
b	Capital gain dividends			
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			321,232.	-321,232.
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(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	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				-321,232.
b				386,834.
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	65,602.
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	3	0.

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.) N/A

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			
2006			
2005			
2004			
2003			

2	Total of line 1, column (d)	2	
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	
4	Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	
5	Multiply line 4 by line 3	5	
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	
7	Add lines 5 and 6	7	
8	Enter qualifying distributions from Part XII, line 4	8	

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)

1 a 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)		1	26,817.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2	0.
3 Add lines 1 and 2		3	26,817.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-).		4	0.
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5	26,817.
6 Credits/Payments:			
a 2008 estimated tax pmts and 2007 overpayment credited to 2008	6a 81,071.		
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	81,071.
8 Enter any **penalty** for underpayment of estimated tax. Check here [X] if Form 2220 is attached		8	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter **amount owed** ►		9	0.
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ►		10	54,254.
11 Enter the amount of line 10 to be: **Credited to 2009 estimated tax** ► 54,254.	**Refunded** ►	11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1 a 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 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 ► $ 0. **(2)** On foundation managers ► $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► $ 0.			
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, column (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► TX			
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If 'No,' attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2008 or the taxable year beginning in 2008 (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

Part VII-A Statements Regarding Activities *Continued*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	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?	13	X	

Website address ► N/A

14 The books are in care of ► ROBERT HALEPESKA Telephone no. ► (361) 575-7970

Located at ► ONE O'CONNOR PLAZA, STE 500 VICTORIA TX ZIP + 4 ► 77901

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here ► [X]

and enter the amount of tax-exempt interest received or accrued during the year ► 15 | 0.

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 [X] No			
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	[ ] Yes [X] No			
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	[ ] Yes [X] No			
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	[X] 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 [X] 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 [X] 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)?		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 2008?		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 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008?	[ ] Yes [X] No			
If '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	N/A	
c If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ► 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 [X] No			
b 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	N/A	
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 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))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? **5b** N/A

Organizations relying on a current notice regarding disaster assistance check here ► ☐

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

If 'Yes,' attach the statement required by Regulations section 53.4945-5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

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

If you answered 'Yes' to 6b, also file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** N/A

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

1 List all officers, directors, trustees, foundation managers and their compensation (see 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 11		158,833.	28,289.	0.

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				

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

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 ►		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 N/A	
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
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ►	0.

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		1a	45,740,825.
b Average of monthly cash balances		1b	4,193,531.
c Fair market value of all other assets (see instructions)		1c	6,672,299.
d **Total** (add lines 1a, b, and c)		1d	56,606,655.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e 0.		
2 Acquisition indebtedness applicable to line 1 assets		2	0.
3 Subtract line 2 from line 1d		3	56,606,655.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)		4	849,100.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	55,757,555.
6 **Minimum investment return.** Enter 5% of line 5		6	2,787,878.

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		1	2,787,878.
2a Tax on investment income for 2008 from Part VI, line 5	2a 26,817.		
b Income tax for 2008. (This does not include the tax from Part VI.)	2b		
c Add lines 2a and 2b		2c	26,817.
3 Distributable amount before adjustments. Subtract line 2c from line 1		3	2,761,061.
4 Recoveries of amounts treated as qualifying distributions		4	
5 Add lines 3 and 4		5	2,761,061.
6 Deduction from distributable amount (see instructions)		6	
7 **Distributable amount** as adjusted Subtract line 6 from line 5. Enter here and on Part XIII, line 1		7	2,761,061.

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	1a	3,305,184.
b Program-related investments — total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 **Qualifying distributions.** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	3,305,184.
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)	5	
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	3,305,184.

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				2,761,061.
2 Undistributed income, if any, as of the end of 2007:				
a Enter amount for 2007 only			2,981,137.	
b Total for prior years: 20___, 20___, 20___		0.		
3 Excess distributions carryover, if any, to 2008:				
a From 2003				
b From 2004				
c From 2005				
d From 2006				
e From 2007				
f **Total** of lines 3a through e	0.			
4 Qualifying distributions for 2008 from Part XII, line 4: ► $ 3,305,184.				
a Applied to 2007, but not more than line 2a			2,981,137.	
b Applied to undistributed income of prior years (Election required – see instructions)		0.		
c Treated as distributions out of corpus (Election required – see instructions)	0.			
d Applied to 2008 distributable amount				324,047.
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).)*	0.			0.
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		0.		
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				2,437,014.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
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				
b Excess from 2005				
c Excess from 2006				
d Excess from 2007				
e Excess from 2008				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2008, enter the date of the ruling ►

b Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			
	(a) 2008	(b) 2007	(c) 2006	(d) 2005	(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					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a 'Assets' alternative test — enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test — enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test — enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

None

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.

None

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 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 12

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

See Statement for Line 2a

c Any submission deadlines:

See Statement for Line 2a

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

See Statement for Line 2a

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*				
SCHEDULE ATTACHED		N/A		3,281,144.
Total			► **3a**	3,281,144.
b *Approved for future payment*				
Total			► **3b**	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income (see the instructions)
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					
4 Dividends and interest from securities			14	1,750,471.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property			16	90,256.	
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	65,602.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a OIL & GAS RELATED INCOME			15	1,282,501.	
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				3,188,830.	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 3,188,830.

(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.)
N/A	

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	1 a (1)		X
(2) Other assets	1 a (2)		X
b Other transactions:			
(1) Sales of assets to a noncharitable exempt organization	1 b (1)		X
(2) Purchases of assets from a noncharitable exempt organization	1 b (2)		X
(3) Rental of facilities, equipment, or other assets	1 b (3)		X
(4) Reimbursement arrangements	1 b (4)		X
(5) Loans or loan guarantees	1 b (5)		X
(6) Performance of services or membership or fundraising solicitations	1 b (6)		X
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1 c		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			

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.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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] 2/4/10 ► EXEC VICE PRESIDENT

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only

Preparer's signature	[signature] PAULA LESKE, CPA	Date 1-18-10	Check if self-employed ► ☐ Preparer's Identifying number (See Signature in the instrs) P00047020
Firm's name (or yours if self-employed), address, and ZIP code	► Bumgardner, Morrison & Company, LLP 1501 E. Mockingbird, Ste 300 Victoria, TX 77904		EIN ► 74-1194944 Phone no. ► (361) 575-0271

TEEA0503L 01/02/09

Form **4562**

Department of the Treasury Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

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

OMB No. 1545-0172

2008

Attachment Sequence No. 67

Name(s) shown on return: M. G. & LILLIE A. JOHNSON FOUNDATION, INC.

Identifying number: 74-6076961

Business or activity to which this form relates: Form 990/990-PF

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2007 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2009. Add lines 9 and 10, less line 12 ►	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (**Do not** include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	784.

Part III MACRS Depreciation (**Do not** include listed property.) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2008	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ► ☐		

Section B — Assets Placed in Service During 2008 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2008 Tax Year Using the Alternative Depreciation System

(a)	(b)	(c)	(d)	(e)	(f)	(g)
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	784.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Statement 1
Form 990-PF, Part I, Line 11
Other Income

	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income
OIL & GAS RELATED INCOME	$ 1,282,501.	$ 1,282,501.	
Total	$ 1,282,501.	$ 1,282,501.	$ 0.

Statement 2
Form 990-PF, Part I, Line 16a
Legal Fees

	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
CULLEN, CARSNER, SEERDEN & CULLEN	$ 8,356.	$ 8,356.		
DUCKETT, BOULIGNY & COLLINS	8,719.	8,719.		
Total	$ 17,075.	$ 17,075.		$ 0.

Statement 3
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
BUMGARDNER, MORRISON & CO.	$ 2,100.	$ 2,100.		
ROLOFF, HNATEK & CO	8,750.	8,750.		
Total	$ 10,850.	$ 10,850.		$ 0.

Statement 4
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
FIRST VICTORIA NATIONAL BANK	$ 18,899.	$ 18,899.		
UBS PAINE WEBBER	22,232.	22,232.		
WELLS FARGO BANK	22,191.	22,191.		
Total	$ 63,322.	$ 63,322.		$ 0.

Statement 5
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
AD VALOREM TAXES	$ 56,337.	$ 56,337.		
EXCISE TAXES	26,817.			
SEVERANCE TAXES	15,675.	15,675.		
Total	$ 98,829.	$ 72,012.		$ 0.

Statement 6
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
DUES & SUBSCRIPTIONS	$ 2,950.	$ 2,950.		
INSURANCE	8,694.	8,694.		
OFFICE EXPENSE	3,472.	3,472.		
REFUND OF OIL & GAS ROYALTIES	1,464,275.	1,464,275.		
Rental Expenses	1,967.	1,967.		
Total	$ 1,481,358.	$ 1,481,358.		$ 0.

Statement 7
Form 990-PF, Part II, Line 11
Investments - Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Land	$ 2,680,329.		$ 2,680,329.	$ 4,539,383.
Total	$ 2,680,329.	$ 0.	$ 2,680,329.	$ 4,539,383.

Statement 8
Form 990-PF, Part II, Line 14
Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Furniture and Fixtures	$ 17,786.	$ 14,161.	$ 3,625.	$ 3,625.
Total	$ 17,786.	$ 14,161.	$ 3,625.	$ 3,625.

Statement 9
Form 990-PF, Part II, Line 15
Other Assets

	Book Value	Fair Market Value
EXCISE TAX OVERPAYMENT	$ 54,254.	$ 54,254.
MINERAL INTERESTS	1.	2,129,291.
Total	$ 54,255.	$ 2,183,545.

Statement 10
Form 990-PF, Part II, Line 22
Other Liabilities

PAYROLL TAXES	$ 1,680.
Total	$ 1,680.

Statement 11
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen-sation	Contri-bution to EBP & DC	Expense Account/ Other
M. H. BROCK 807 S. HANOVER EDNA, TX 77957	Chairman 3.00	$ 2,500.	$ 0.	$ 0.
M. MUNSON SMITH 36 FLAMINGO ROAD ROCKPORT, TX 78383	Vice Chairman 1.00	2,500.	0.	0.
DICK KOOP 1258 CR 312 EDNA, TX 77957	Trustee 1.00	2,500.	0.	0.
ROSEMARY RUST 616 BOB-O-LINK LANE WHARTON, TX 77488	Trustee 1.00	1,500.	0.	0.
JACK R. MORRISON, JR. P. O. BOX 3750 VICTORIA, TX 77903	Sec/Treas 2.00	2,500.	0.	0.
JAMES A. BOULIGNY 1305 AVENUE K EL CAMPO, TX 77437	Trustee 1.00	2,500.	0.	0.

Statement 11 (continued)
Form 990-PF, Part VIII, Line 1
List of Officers, Directors, Trustees, and Key Employees

Name and Address	Title and Average Hours Per Week Devoted	Compen-sation	Contri-bution to EBP & DC	Expense Account/ Other
TERRELL MULLINS 503 E. FOURTH STREET HALLETTSVILLE, TX 77964	Trustee 1.00	$ 2,500.	$ 0.	$ 0.
ROBERT L. HALEPESKA 206 TRACY LANE VICTORIA, TX 77904	Exec Vice Pres 40.00	142,333.	28,289.	0.
	Total	$ 158,833.	$ 28,289.	$ 0.

Statement 12
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program:	
Name:	M. G. & LILLIE A. JOHNSON FOUNDATION
Care Of:	ROBERT HALEPESKA
Street Address:	P. O. BOX 2269
City, State, Zip Code:	VICTORIA, TX 77902
Telephone:	(361) 575-7970
Form and Content:	GRANT APPLICATIONS MUST BE SUBMITTED IN WRITING, SHOULD INCLUDE BIOGRAPHICAL INFORMATION ABOUT THE PROSPECTIVE GRANTEE AND MUST INCLUDE SATISFACTORY EVIDENCE TO ASSURE OUR TRUSTEES THAT THE APPLICANT IS A QUALIFIED ORGANIZATION TO WHICH THE JOHNSON FOUNDATION MAY PROVIDE FUNDS IN ACCORDANCE WITH PERTINENT INTERNAL REVENUE SERVICE CODE SECTIONS AND REGULATIONS. THE APPLICANT SHOULD ALSO SPECIFY THE AMOUNT OF FUNDS REQUESTED, THE INTENDED USE OF THE FUNDS AND THE ANTICIPATED LENGTH OF TIME WITHIN WHICH THE FUNDS WILL BE EXPENDED.
Submission Deadlines:	30 DAYS PRIOR TO THE MEETING DATE(S) OF THE TRUSTEES
Restrictions on Awards:	GENERALLY PREFER TO CONFINE FUNDING TO HEALTH CARE OR HIGHER EDUCATION RELATED GRANTEES.

M.G. and Lillie A. Johnson Foundation, Inc. 74-6076961
Assets as of November 30, 2009

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Price	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Cash & Cash Equivalents									
FVNB Checking Acct	1,884,341.030	0.450		1.00000	1,884,341.03	1,884,341.03	8,479 53	0.0045	3.04
Paine Webber MMKT	899,633.840	0 001		1 00000	899,633 84	899,633 84	9.00	0 0000	1.45
Paine Webber Cust Acct Cash	1,711,917.11			1 00000	1,711,917.11	1,711,917.11	0.00	0.0000	2 77
Excise Tax Deposit	54,254 000				54,254.00	54,254 00	0.00	0.0000	0.09
Total	4,550,145 980				4,550,145.98	4,550,145 98	8,488 53	0.0019	7 35
Managed Investment Accounts									
Kayne Small Cap Eq	1,233,751 640	1.091			1,233,751.64	1,531,693.01	16,712.00	0.0109	2 47
PrimeVest Investments	8,274,863 470	2.000			8,274,863 47	8,028,388 62	160,604.36	0.0200	12 97
Wells Fargo-Midcap	4,645,617.770	0.820			4,645,617 77	5,183,667.67	42,522.15	0 0082	8 38
Wells Fargo-International	1,965,093 330	1.705			1,965,093.33	2,494,104.15	42,523.99	0.0170	4.03
FVNB-Mutual Funds	8,114,021.010	2 638			8,114,021 01	7,961,377.31	210,044 00	0 0264	12.86
Total	24,233,347.220				24,233,347 22	25,199,230 76	472,406.50	0 0187	40.71
Notes Receivable									
Ramiro & Estelle Morales	38,850.410	7 250	02/21/06	1.00000	38,850.41	38,850.41	2,816 65	0 0725	0.06
Total	38,850 410				38,850 41	38,850.41	2,816 65	0 0725	0.06
Investments									
Corporate Bonds & Notes									
Household Finance Notes	500,000 000	6 300	03/15/11	1.03504	500,000.00	517,520.00	31,500.00	0.0609	0 84
SBC Communications	500,000.000	6.250	03/15/11	1.06387	500,000.00	531,935.00	31,250.00	0 0587	0.86
Household Finance Notes	500,000.000	6.250	08/15/11	1.04476	500,000.00	522,380.00	31,250 00	0.0598	0.84
GMAC Smartnotes	500,000 000	4.115	08/15/11	0 85000	500,000.00	425,000 00	10,950.00	0.0258	0.69
Verizon MD	500,000 000	6 125	03/01/12	1.07921	496,995.25	539,605 00	30,625 00	0.0568	0.87
John Hancock Signature	500,000.000	4.760	03/15/14	0 94740	500,000 00	473,700 00	78 00	0.0002	0.77
Hartford Life Ins Notes	500,000.000	5 500	03/15/15	1.00621	500,000 00	503,105 00	27,500 00	0 0547	0.81
Principal Life Corenotes	500,000 000	5 500	04/15/16	1 00862	500,000 00	504,310.00	27,500.00	0.0545	0.81
Bellsouth Corp Notes	500,000 000	5 200	12/15/16	1.07286	497,610 00	536,430.00	26,000.00	0.0485	0.87
New Glenworth Direct	500,000 000	5.500	01/15/18	0.93540	500,000.00	467,700.00	27,500 00	0.0588	0 76
GE Capital Internotes	500,000 000	5 100	02/15/19	0.98348	500,000 00	491,740 00	25,500 00	0.0519	0.79
Lehman Bros Hldgs inc	500,000.000	0.000	01/29/21	0.19500	500,000 00	97,500.00	0.00	0 0000	0.16
Prudential Fincl Inc	500,000.000	6.000	02/15/23	0.95917	500,000 00	479,585 00	30,000 00	0 0626	0.77
	6,500,000.000				6,494,605 25	6,090,510 00	299,653 00	0 0492	9.84

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Price	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Federal Agencies									
FHLMC Gold #80917	169,406 250	4.500	05/01/11	1.04781	169,406.25	177,506 07	7,623 28	0.0429	0 29
Total	169,406.250				169,406.250	177,506 070	7,623.280	0 0429	0 29
Common Stock									
Abbott Labs	10,000 000	1 600		54 49000	115,268 89	544,900.00	16,000 00	0 0294	0.88
Altria Group Inc	12,600 000	1 360		18.81000	52,630.14	237,006 00	17,136.00	0 0723	0 38
Amen Express Co	8,200.000	0.720		41 83000	350,495.72	343,006 00	5,904.00	0.0172	0.55
Bank of Amenca	10,200 000	0.040		15 85000	401,630 25	161,670 00	408 00	0.0025	0.26
Bristol Myers Squibb Co	10,800.000	1.240		25 31000	250,997.25	273,348.00	13,392 00	0.0490	0.44
Chevron Texaco Corp	8,600 000	2 720		78.04000	242,365.03	671,144 00	23,392.00	0.0349	1.08
Colgate Palmolive	7,600 000	1.760		84.19000	206,453 64	639,844.00	13,376.00	0 0209	1 03
Danaher Corp	8,200 000	0 120		70 92000	244,989.70	581,544.00	984 00	0 0017	0 94
Emerson Elec Co	13,300 000	1.340		41.41000	175,816.66	550,753.00	17,822 00	0 0324	0.89
Exxon Corp.	11,153.000	1.680		75 07000	190,584 93	837,255.71	18,737.00	0 0224	1 35
Fedex Corp	4,000.000	0 440		84.45000	339,999.25	337,800.00	1,760.00	0.0052	0 55
FPL Group Inc	9,400.000	1.890		51.97000	319,596 22	488,518.00	17,766 00	0.0364	0.79
Goldman Sachs Group	2,000.000	1 400		169 66000	401,545.25	339,320.00	2,800.00	0 0083	0 55
Hartford Fincl Services Group	3,400.000	0 200		24.46000	248,019 25	83,164 00	680.00	0 0082	0.13
Home Depot	11,400.000	0 900		27.36000	302,762.81	311,904.00	10,260.00	0 0329	0.50
Intel	30,200 000	0 560		19 20000	229,617.57	579,840.00	16,912.00	0.0292	0.94
Intl Business Mach	5,000.000	2 200		126.35000	407,275.25	631,750 00	11,000 00	0.0174	1.02
Johnson & Johnson Company	14,000.000	1 960		62 84000	138,653.80	879,760.00	27,440 00	0.0312	1 42
Medtronic	11,000.000	0 820		42.44000	299,272.36	466,840.00	9,020.00	0 0193	0 75
Microsoft	5,800.000	0 520		29.41000	19,654.38	170,578.00	3,016 00	0 0177	0.28
Norfolk Sthn Corp	4,000.000	1 360		51.40000	249,322.16	205,600 00	5,440 00	0.0265	0.33
Novartis	6,850 000	1.454		55 60000	400,524 75	380,860 00	9,960 00	0.0262	0.62
Pepsico Inc	12,200.000	1.800		62.22000	223,604.93	759,084 00	21,960.00	0 0289	1 23
Pfizer Inc	22,000 000	0.640		18 17000	185,339.45	399,740.00	14,080.00	0.0352	0 65
Philip Morris Intl Inc	12,600 000	2.320		48 09000	119,927.70	605,934 00	29,232.00	0.0482	0.98
Procter & Gamble Co	12,500.000	1.760		62.35000	125,341 89	779,375.00	22,000 00	0 0282	1.26
Schlumberger Ltd.	9,200.000	0 840		63.89000	175,717.28	587,788.00	7,728.00	0 0131	0.95
Toyota Motor Corp New Japan	3,300.000	1.081		78.54000	402,697 65	259,182.00	3,567.00	0 0138	0.42
Verizon Communications	12,000 000	1.900		31 46000	304,229.79	377,520 00	22,800.00	0.0604	0 61
Wal Mart Stores	4,500.000	1.090		54 55000	254,075.25	245,475 00	4,905 00	0.0200	0.40
3M Co	6,700 000	2.040		77.44000	148,446 38	518,848 00	13,668 00	0.0263	0 84
Totals	302,703.000				7,526,855 58	14,249,350.71	383,145 00	0 0269	23 02

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Value	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Mutual Funds									
American Funds Cap Wld Bond Fund	48,685.492			20 85000	1,000,000 00	1,015,092 51	35,053 00	0 0345	1.64
Delaware Diversified Income Fund	113,274.787			9.35000	1,009,096.16	1,059,119 26	53,692.00	0 0507	1.71
FT-Franklin Global Bond A	93,556.002			12 62000	1,016,669.91	1,180,676.75	50,520.00	0.0428	1.91
FT-Franklin Income A	392,468 512			2 01000	1,000,470 59	788,861.71	58,870.00	0.0746	1 27
Totals	647,984.793				4,026,236 66	4,043,750 23	198,135.00	0 0490	6 53
Preferred Stock									
Citigroup Capital VIII Preferred	20,000.000	1.738		19.01000	500,000.00	380,200 00	34,760 00	0 0914	0 61
Wells Fargo & Co. 7% Trust Preferred	20,000 000	1.750		24 52000	500,000 00	490,400 00	35,000 00	0 0714	0.79
Totals	40,000 000				1,000,000.00	870,600.00	69,760 00	0.0801	1.40
Miscellaneous Assets									
Office Equipment	15,993 880				15,993.88	15,993 88			0.03
Machinery & Equipment	2,191.960				2,191 96	2,191.96			0.00
Accumulated Depreciation	-13,777.45				(13,777.45)	(13,777.45)			(0 02)
Total	4,408.390				4,408 39	4,408.39			0 01
Mineral Interests									
Various Mineral and Royalty Interest: Brazoria, Colorado, Dimmit, Fayette Harris, Jackson, LaSalle, Lavaca, Matagorda, Webb, and Wharton Counties	604,454.240				604,454.24	2,129,291 00	927,445.00	0 4356	3.44
Accumulated Depletion	-604,454 240				(604,454.24)				
Net Mineral Interests	0 000				0.00	2,129,291.00	927,445.00	0.4356	3.44
Real Estate	Acres								
Texas									
Jackson County	939 174				519,499.00	918,408.00	37,634.00	0 0410	1.48
Wharton County-Farm	26.333				21,528.00	138,290 00	871.00	0 0063	0 22
Webb Co Ranch	5,344.564				2,139,301.76	3,482,685.00	67,383.00	0 0193	5 63
Total	6,310.071				2,680,328.76	4,539,383 00	105,888.00	0 0233	7 33
Grand Totals					**50,724,184.50**	**61,893,026.55**	**2,475,360.96**	**0.0400**	**100.00**

M.G. & Lillie A. Johnson Foundation, Inc. 74-6076961
Fixed Assets
Depreciation Schedule
FYE 11/30/09

Description	Date Acquired	Cost	Method	Life	Accumulated Depreciation at 11/30/08	Depreciation Expense	Accumulated Depreciation at 11/30/09
Furniture:							
Furniture	10/87	2,675.00	Straight-Line	10 Years	2,675.00	-	2,675.00
Sign	10/89	348.00	Straight-Line	10 Years	348.00	-	348.00
Desk, Credenza & Chair	12/89	4,034.96	Straight-Line	10 Years	4,034.96	-	4,034.96
Filing Cabinet	06/90	840.97	Straight-Line	10 Years	840.97	-	840.97
Software	09/92	1,016.00	Straight-Line	5 Years	1,016.00	-	1,016.00
Copy, Fax, Scanner	06/02	764.98	Straight-Line	5 Years	764.98	-	764.98
Dell Computer	06/02	1,487.00	Straight-Line	5 Years	1,487.00	-	1,487.00
Software	09/03	972.80	Straight-Line	5 Years	972.80	-	972.80
5 Shelf Bookcase	06/07	433.18	Straight-Line	10 Years	64.98	43.32	108.30
Executive Chair	06/07	792.07	Straight-Line	10 Years	118.82	79.21	198.03
60x60 Chairmat	06/07	270.69	Straight-Line	10 Years	40.61	27.07	67.68
Corner Desk, Drawer, & Keyboard	06/07	687.80	Straight-Line	10 Years	103.18	68.79	171.97
36", 2 File Cabinet	06/07	494.02	Straight-Line	10 Years	74.10	49.40	123.50
48x24 File Cabinet	06/07	388.21	Straight-Line	10 Years	58.23	38.82	97.05
48x24 File Cabinet	06/07	388.21	Straight-Line	10 Years	58.23	38.82	97.05
Printer/Fax Machine	11/09	392.96	Straight-Line	5 Years	-	78.59	78.59
Dell Computer	12/06	1,799.00	Straight-Line	5 Years	719.60	359.80	1,079.40
Totals		17,785.85			13,377.46	783.82	14,161.28

M. G. & Lillie A. Johnson Foundation, Inc. 74-6076961

CAPITAL GAINS & LOSSES YEAR ENDING NOVEMBER 30, 2009

DATE	ASSET	SHARES	DATE ACQUIRED	PROCEEDS	BASIS	GAIN (LOSS)	
	WELLS FARGO-MIDCAP						
1/31/2009						-229,947.88	Long Term
3/31/2009						-18,754.03	Long Term
8/31/2009						292,083.85	Long Term
9/30/2009						-17,940.90	Long Term
	Sudder-Cash Action Settlement					310.39	Long Term
10/31/2009						20,510.92	Short Term
						54,139.27	Long Term
11/30/2009						16,398.19	Short Term
	WELLS FARGO-INTERNATIONAL						
12/31/2008						96.16	Long Term
1/31/2009						-387,281.66	Long Term
2/28/2009						-14,724.08	Long Term
3/31/2009						-16,586.62	Long Term
5/31/2009	Royal Ahold-Class Action Settlement					198.83	Long Term
8/31/2009						73,598.99	Short Term
						156,167.85	Long Term
10/31/2009						-52,391.62	Short Term
11/30/2009						2,062.06	Short Term
	FVNB CUSTODIAL ACCOUNT						
12/31/2008						31,578.67	Short Term
						262,671.83	Long Term
1/31/2009	Bristol Myers-Litigation Settlement					243.71	Long Term
						-980,465.40	Long Term
8/31/2009						-132,593.45	Long Term
11/30/2009						50,987.18	Long Term
	UBS FINANCIAL SERVICES						
12/3/2008	Franklin Income A					470.59	Short Term
12/17/2008	RMA Money Market					92.79	Short Term

DATE	ASSET		DATE ACQUIRED	PROCEEDS	BASIS	GAIN (LOSS)	
	UBS FINANCIAL SERVICES-KAYNE ANDERSON						
12/31/2008						63,987.10	Long Term
1/31/2009						-59,964.61	Long Term
5/31/2009						4,093.60	Long Term
6/30/2009						-53,801.61	Long Term
7/31/2009						-14,050.58	Short Term
						-18,051.55	Long Term
8/31/2009						980.07	Long Term
9/30/2009						-1,165.44	Long Term
11/30/2009						15,050.83	Long Term
	PRIME VEST						
12/31/2008						43,020.31	Long Term
						5,349.47	Short Term
1/31/2009						4,880.98	Short Term
						851.89	Long Term
8/31/2009						1,050.00	Short Term
9/30/2009						-1.22	Short Term
	INDIVIDUAL SECURITIES						
12/26/2008	Enron Corp.-Settlement		6/8/2001	79,524.32		79,524.32	Long Term
1/20/2009	UST	1900	05/08/2008	132,050.00	100,491.95	31,558.05	Short Term
5/9/2009	FHLMC MTN 5.0% 7/29/16(Called)		7/18/2003	1,869.75		1,869.75	Long Term
8/19/2009	Dominion Resources 8.375%	8,000	6/17/2009	210,606.53	205,360.00	5,246.53	Short Term
9/1/2009	America Movil S.A.B.	1,700	5/13/2008	79,213.01	96,834.89	-17,621.88	Long Term
	Constellation Energy Group	1,200	5/5/2008	38,112.25	97,337.95	-59,225.70	Long Term
	Dell Inc.	10,000	6/1/2006	147,096.25	248,919.95	-101,823.70	Long Term
	International Paper Co.	3,900	5/5/2008	86,932.71	99,898.95	-12,966.24	Long Term
10/15/2009	Walgreen Co.	9,000	9/30/2004	350,488.53	324,440.25	26,048.28	Long Term
11/30/2009	General Electric Co.	25,800	1/1994-10/1997	407,108.22	164,538.93	242,569.29	Long Term
	Microsoft Corp.	23,800	4/1994-2/1995	690,890.93	80,650.73	610,240.20	Long Term
	Wells Fargo	22,400	6/1998-7/2008	613,917.96	456,889.75	157,028.21	Long Term
	TOTAL GAINS & LOSSES					**65,601.99**	

M. G. & Lillie A. Johnson Foundation, Inc. 74-6076961

Grants paid for the year ending November 30, 2009

$20,000.00 to the Port O'Connor Volunteer Fire Department to purchase the "Jaws of Life" and related equipment

$75,000.00 to Presidio La Bahia Foundation to fund its artifacts conservation and preservation project

$5,500.00 to Jackson County to purchase VHS/DVD shelving resources for the County Library

$50,000.00 to the City of Yoakum to purchase a chassis and remount an ambulance module for the Yoakum EMS

$14,000.00 to the Moulton Community Medical Clinic District to purchase a Lifespan 12 defibrillator and a film processor

$18,181.00 to the Bluebonnet Youth Ranch to install a roof on the Barre Cottage and purchase air conditioners for the Meadows and Johnson cottages

$50,000.00 to the Refugio County Memorial Hospital to purchase a chassis and remount an ambulance module

$64,000.00 to the Refugio Volunteer Fire Department to construct a burn building for the South Texas/Coastal Bend Fire Training Academy

$10,000.00 to the South Texas Lighthouse for the Blind to repair a roof, purchase and ice machine and provide a scholarship for the Victoria location

$50,000.00 to the East Bernard EMS to purchase a Type I Ambulance

$35,000.00 to the City of El Campo to purchase a LifePak 15 Cardiac Monitor/Defibrillator for the El Campo EMS

$10,500.00 to Wharton County to purchase literacy stations for the libraries in Wharton, El Campo, East Bernard and Louise

$25,000.00 to the Foster Parents of Victoria, Inc. to finish out its new building.

$300,000.00 to Rainbow Land Daycare, Inc. to construct a new building

$50,000.00 to the Aransas County Emergency Medical Services to purchase a chassis and remount an ambulance

$50,000.00 to the Ander Weser Volunteer Fire Department to purchase a brush/pumper truck

$37,500.00 to the City of Edna to construct an activity center at the Mauritz Village for the Edna Housing Authority

$50,000.00 to the Moulton Volunteer Fire Department to purchase a rescue truck

$50,000.00 to the Kenedy Volunteer Fire Department to purchase a pumper truck

$20,000.00 to the Palacios Community Medical Center to purchase telemetry monitoring equipment

$9,000.00 to the Arc of Matagorda County to renovate its women's shelter

$53,760.00 to the Refugio Volunteer Fire Department to purchase communication equipment for the volunteer fire departments in Refugio County

$20,000.00 to the Food Bank of the Golden Crescent to purchase and install a new bi-parting insulated door for its walk-in freezer

$27,700.00 to Goodwill Industries of South Texas to purchase technology and equipment for its Victoria and Beeville locations

$50,000.00 to the Quail Creek Volunteer Fire Department to purchase a rescue/pumper truck

$88,000.00 to the Victoria Adult Literacy Council to purchase the Aztec Ready for Work Series and related equipment

$30,000.00 to the Riding Therapy Center to purchase a Morgan building, replace and repair fencing and begin Phase I to construct a covered arena

$14,550.00 to the Gulf Bend Center to purchase a new server with virtual machine software

$100,000.00 to the Northside Center to renovate its upstairs auditorium and classroom space

$56,700.00 to Devereax to renovate its Life Skills building

$16,227.58 to the Detar Hospital Volunteers to purchase a Point of Sale System

$48,525.00 to the Wharton Volunteer Fire Department to purchase rescue tools

$85,000.00 to Texana to purchase two Astro vans and one mini van

$50,000.00 to the Matagorda Regional Medical Foundation to purchase endoscopy equipment for its new hospital

$19,000.00 to the Rockport Volunteer Fire Dept. to purchase four Air Pak 75 and related equipment

$100,000.00 to the South Texas Children's Home to renovate the Headquarters Building on the Boothe Campus

$50,000.00 to Dewitt County to purchase pagers for the Dewitt Emergency Services

$100,000.00 to the Jackson County Hospital District to purchase technology upgrades for its Radiology and Laboratory Departments

$100,000.00 to Lavaca County to purchase equipment for the Lavaca Medical Center

$50,000.00 to the City of Hallettsville to purchase a repeater and recorder for the Hallettsville Police Dept.

$50,000.00 to the City of Shiner to purchase computers and video equipment for the Shiner Police Dept.

$50,000.00 to Lavaca County to purchase a Type III ambulance for the Lavaca County Rescue Service

$100,000.00 to the Hallettsville Volunteer Fire Dept. to purchase a new pumper/rescue truck for the Hallettsville Volunteer Fire Dept.

$17,500.00 to the Children's Discovery Museum to purchase a technology upgrade

$7,000.00 to the Victoria County Senior Citizens Asso. to purchase a van

$42,000.00 to the Affectionate Arms Adult Day Health Care Center to purchase a 14 passenger van

$100,000.00 to Team Wharton, Inc. to construct a Teen Center

$11,500.00 to Wharton County to purchase catalog stations for the Wharton County Library and its branches

$100,000.00 to the Boys & Girls Club of Wharton to renovate the Dobson Youth Center

$50,000.00 to the East Bernard Volunteer Fire Department to purchase a rescue truck

$500,000.00 to the Wharton County Junior College to construct an addition to the Johnson Health Occupations Center

$100,000.00 to the University of Houston-Victoria for scholarships in the Nursing School

$50,000.00 to the Victoria College for endowed scholarships

$25,000.00 to the Perpetual Help Home to purchase a vehicle

$25,000.00 to the Bluebonnet Youth Ranch to repair and expand its parking lots

Total Grants Paid-**$3,281,143.58**