Form **990-PF**

Department of the Treasury
Internal Revenue Service

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 Dec 1 , 2008, and ending Nov 30 , 2009

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

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

Name of foundation: JOSEPHINE GRAF FOUNDATION

Number and street (or P O box number if mail is not delivered to street address): 4920 BRIARWOOD PL. Room/suite:

City or town: DALLAS State: TX ZIP code: 75209

A Employer identification number: 75-1187926

B Telephone number (see the instructions): (214) 357-3939

C If exemption application is pending, check here ► [ ]

D 1 Foreign organizations, check here ► [ ]

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

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

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

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

I Fair market value of all assets at end of year *(from Part II, column (c), line 16)* ►$ 832,055.

J Accounting method [X] 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)	0.			
	2 Ck ► [X] if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	393.	393.	393.	
	4 Dividends and interest from securities	20,744.	20,744.	20,744.	
	5a Gross rents	0.	0.	0.	
	b Net rental income or (loss) 0.				
	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)		151,666.		
	8 Net short-term capital gain			0.	
	9 Income modifications			0.	
	10a Gross sales less returns and allowances 0.				
	b Less Cost of goods sold 0.				
	c Gross profit/(loss) (att sch) L-10 Stmt	0.		0.	
	11 Other income (attach schedule) NONE	0.	0.	0.	
	12 **Total.** Add lines 1 through 11	21,137.	172,803.	21,137.	
OPERATING AND ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc	0.	0.	0.	0.
	14 Other employee salaries and wages	0.	0.	0.	0.
	15 Pension plans, employee benefits	0.	0.	0.	0.
	16a Legal fees (attach schedule) L-16a Stmt	0.			
	b Accounting fees (attach sch) L-16b Stmt	1,407.	1,407.	1,407.	
	c Other prof fees (attach sch) L-16c Stmt	0.			
	17 Interest	0.	0.	0.	0.
	18 Taxes (attach schedule) 2007 EXCISE TAXES	230.	230.	230.	0.
	19 Depreciation (attach sch) and depletion	0.	0.	0.	
	20 Occupancy	0.	0.	0.	0.
	21 Travel, conferences, and meetings	0.	0.	0.	0.
	22 Printing and publications	0.	0.	0.	0.
	23 Other expenses (attach schedule) See Line 23 Stmt	251.	0.	0.	0.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	1,888.	1,637.	1,637.	0.
	25 Contributions, gifts, grants paid	34,900.			34,900.
	26 **Total expenses and disbursements.** Add lines 24 and 25	36,788.	1,637.	1,637.	34,900.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-15,651.			
	b Net investment income (if negative, enter -0-)		171,166.		
	C Adjusted net income (if negative, enter -0-)			19,500.	

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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	-619.	1,573.	1,573.
	2 Savings and temporary cash investments	112,231.	1,362.	1,362.
	3 Accounts receivable ►			
	Less allowance for doubtful accounts ► 0.	0.	0.	0.
	4 Pledges receivable ► 0.			
	Less: allowance for doubtful accounts ► 0.	0.	0.	0.
	5 Grants receivable	0.	0.	0.
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see the instructions) 0	55.	0.	0.
	7 Other notes and loans receivable (attach sch) ► 0.			
	Less· allowance for doubtful accounts ► 0.	0.	0.	0.
	8 Inventories for sale or use	0.	0.	0.
	9 Prepaid expenses and deferred charges	0.	0.	0.
	10a Investments – U S and state government obligations (attach schedule) L-10a Stmt	0.	75,917.	75,917.
	b Investments – corporate stock (attach schedule) L-10b Stmt	231,475.	383,176.	735,418.
	c Investments – corporate bonds (attach schedule) L-10c Stmt	0.	16,056.	16,056.
	11 Investments – land, buildings, and equipment· basis ► 0.			
	Less accumulated depreciation (attach schedule) L-11 Stmt ► 0.	0.	0.	0.
	12 Investments – mortgage loans L-12 Stmt	0.	0.	0.
	13 Investments – other (attach schedule) L-13 Stmt	0.	0.	0.
	14 Land, buildings, and equipment· basis ► 0.			
	Less accumulated depreciation (attach schedule) L-14 Stmt ► 0.	0.	0.	0.
	15 Other assets (describe ► L-15 Stmt)	1,501.	1,729.	1,729.
	16 **Total assets** (to be completed by all filers – see instructions Also, see page 1, item I)	344,643.	479,813.	832,055.
LIABILITIES	17 Accounts payable and accrued expenses	0.	0.	
	18 Grants payable	0.	0.	
	19 Deferred revenue	0.	0.	
	20 Loans from officers, directors, trustees, & other disqualified persons	0.	0.	
	21 Mortgages and other notes payable (attach schedule)	0.	0.	
	22 Other liabilities (describe ► L-22 Stmt)	0.	0.	
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
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 and complete lines 27 through 31. ► ☒			
	27 Capital stock, trust principal, or current funds	94,898.	94,053.	
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	249,745.	385,760.	
	30 **Total net assets or fund balances** (see the instructions)	344,643.	479,813.	
	31 **Total liabilities and net assets/fund balances** (see the instructions)	344,643.	479,813.	

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	344,643.
2	Enter amount from Part I, line 27a	2	-15,651.
3	Other increases not included in line 2 (itemize) ► GAIN ON SALE OF STOCKS	3	151,666.
4	Add lines 1, 2, and 3	4	480,658.
5	Decreases not included in line 2 (itemize) ► See Other Decreases Stmt	5	845.
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	479,813.

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 964 SHS MEDCO HEALTH	D	11/03/86	06/23/09
b 2000 SHS SOUTHWESTERN ENERGY	P	04/02/07	06/23/09
c 1400 SHS CSX, INC	D	11/03/86	10/06/09
d 200 SHS SCHLUMBERGE	P	12/02/97	10/06/09
e See Columns (a) thru (d)			

	(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	43,354.	0.	347.	43,007.
b	76,177.	0.	41,765.	34,412.
c	60,267.	0.	3,074.	57,193.
d	11,886.	0.	7,196.	4,690.
e	See Columns (e) thru (h)	0.	69,539.	12,364.

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				43,007.
b				34,412.
c				57,193.
d				4,690.
e	See Columns (i) thru (l)			12,364.

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	151,666.
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	

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	0.		
2006	100,108.	1,065,701.	0.093936
2005	70,650.	880,522.	0.080237
2004	102,434.	875,451.	0.117007
2003	99,323.	780,981.	0.127177

2 **Total** of line 1, column (d)	2	0.418357
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.104589
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5	4	647,381.
5 Multiply line 4 by line 3	5	67,709.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,712.
7 Add lines 5 and 6	7	69,421.
8 Enter qualifying distributions from Part XII, line 4	8	34,900.

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	3,423.
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	3,423.
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	3,423.
6 Credits/Payments				
a 2008 estimated tax pmts and 2007 overpayment credited to 2008	6a	1,730.		
b Exempt foreign organizations – tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c	1,700.		
d Backup withholding erroneously withheld	6d			
7 Total credits and payments Add lines 6a through 6d			7	3,430.
8 Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	0.
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ►			9	
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ►			10	7.
11 Enter the amount of line 10 to be Credited to 2009 estimated tax ►	7.	Refunded ►	11	

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 ► $ ________ **(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 • 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 - Texas			
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*

		Line	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 ► JOANNE STROUD BILBY Telephone no ► (214) 357-3939

Located at ► 4920 BRIARWOOD PLACE, DALLAS, TX ZIP + 4 ► 75209-2004

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.

			Line	Yes	No
1 a	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)?		1 b		
	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?		1 c		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 ☒ 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		
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 ☒ 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		
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**

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

c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ 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**

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
JOANNE STROUD BILBY 4920 BRIARWOOD PL DALLAS TX 75209	PRES/DIR 1.00	0.	0.	0.
JOYCE MANN 4920 BRIARWOOD PL DALLAS TX 75209	VP/DIR 0.25	0.	0.	0.
ETHAN STROUD 4920BRIARWOOD PL DALLAS TX 75209	SEC/TREAS 0.25	0.	0.	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				
0				
0				
0				
0				

Total number of other employees paid over $50,000 ► None

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		
NONE		
NONE		
NONE		
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 N/A	0.
2 N/A	0.
3 N/A	0.
4 N/A	0.

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	0.
2 N/A	0.
All other program-related investments See instructions. 3 See Line 3 Statement	0.
Total. Add lines 1 through 3 ►	None

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	583,633.
b Average of monthly cash balances		1b	58,521.
c Fair market value of all other assets (see instructions)		1c	15,086.
d **Total** (add lines 1a, b, and c)		1d	657,240.
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	657,240.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)		4	9,859.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	647,381.
6 **Minimum investment return.** Enter 5% of line 5		6	32,369.

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	32,369.
2a Tax on investment income for 2008 from Part VI, line 5	2a 3,423.		
b Income tax for 2008 (This does not include the tax from Part VI)	2b		
c Add lines 2a and 2b		2c	3,423.
3 Distributable amount before adjustments Subtract line 2c from line 1		3	28,946.
4 Recoveries of amounts treated as qualifying distributions		4	
5 Add lines 3 and 4		5	28,946.
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	28,946.

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	34,900.
b Program-related investments — total from Part IX-B	1b	0.
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	0.
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	0.
b Cash distribution test (attach the required schedule)	3b	0.
4 **Qualifying distributions** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	34,900.
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	0.
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	34,900.

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					28,946.
2 Undistributed income, if any, as of the end of 2007					
a Enter amount for 2007 only				2,688.	
b Total for prior years 20 06 , 20 05 , 20 04			0.		
3 Excess distributions carryover, if any, to 2008:					
a From 2003	62,948.				
b From 2004	60,443.				
c From 2005	70,650.				
d From 2006	6,080.				
e From 2007	0.				
f **Total** of lines 3a through e		200,121.			
4 Qualifying distributions for 2008 from Part XII, line 4 ► $ 34,900.					
a Applied to 2007, but not more than line 2a				2,688.	
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					28,946.
e Remaining amount distributed out of corpus		3,266.			
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		203,387.			
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					0.
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)		62,948.			
9 **Excess distributions carryover to 2009.** Subtract lines 7 and 8 from line 6a		140,439.			
10 Analysis of line 9					
a Excess from 2004	60,443.				
b Excess from 2005	70,650.				
c Excess from 2006	6,080.				
d Excess from 2007	0.				
e Excess from 2008	3,266.				

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 ► N/A

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
2 a 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 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs

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

c Any submission deadlines·

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
AMERICAN FEDERATION/ARTS 305 E 47TH STREET NEW YORK NY 10017	N/A	501 (C)	FURTHER PROGRAMS OF ART EXHIBITIONS, PUBLICATIONS, AND EDUCATIONAL ACTIVITIES	5,000.
DALLAS SYMPHONY ORCHESTRA 2301 FLORA ST. DALLAS TX 75201	N/A	501 (C)	SUPPORT PUBLIC PROGRAMS AND MAINTENANCE OF FACILITIES	3,500.
SCHOOL OF SPIRITUAL PSYCHOLOGY P O BOX 7 BENSON NC 27504	N/A	501 (C)	SUPPORT SEMINARS/PROGRAMS RE DEVELOPMENT OF SPITI-TUAL CONSCIOUSNESS	5,000.
DALLAS INSTITUTE/HUMANITIES 2719 ROUTH ST DALLAS TX 75201	N/A	501 (C)	SUPPORT THEIR PURPOSE TO ENRICH LIFE IN THE CITY WITH WISDOM AND IMAGINATION OF THE HUMANITIES	13,000.
ONE LAPTOP PER CHILD P O BOX 425087 CAMBRIDGE MA 02142	N/A	501(C)	SUPPORT RESEARCH TO DEVELOP LOW COST COMPUTER TECHNOLOGY FOR THE THIRD WORLD CHILDREN	400.
SUN VALLEY WRITERS CONFERENCE P O BOX 957 KETCHUM ID 83340	N/A	501(C)	SUPPORT CONFERENCE PROGRAM THAT REACHES OUT TO DISCEERNING READEERS AND WRITERS CONTRYWIDE	2,500.
FOUNDERS GARDEN CLUB 3525 UNIVERSITY BLVD, DALLAS TX 75205	N/A	501(C)	SUPPORT PRESCRIBED PROGRAMS FOR THE BENEFIT OF THE PUBLIC	1,000.
THE DALLAS OPERA 2403 FLORA ST, STE 500 DALLAS TX 75201	N/A	501 (c)	SUPPORT PUBLIC PROGRAMS AND MAINTENANCE OF FACILITIES	3,000.
CARDIOLOGY RESEARCH UT SW MED CTR 5323 HARRY HINES BLVD DALLAS TX 75390	N/A	501 (c)	SUPPORT RESEARCH PROGRAM RELATED TO CARDIOLOGY	1,500.
Total			► 3a	34,900.
b Approved for future payment				0.
Total			► 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		
1 Program service revenue	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	(e) Related or exempt function income (see the instructions)
a NONE	N/A	0.			
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	512	393.	14		
4 Dividends and interest from securities	512	20,744.	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	512	151,666.	14		
9 Net income or (loss) from special events .					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue.					
a NONE					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		172,803.			

13 **Total.** Add line 12, columns (b), (d), and (e) 13 172,803.

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

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

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

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

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

► Joanne H Stout | 10/21/10 | ► PRESIDENT

Signature of officer or trustee | Date | Title

Paid Preparer's Use Only			
Preparer's signature ► Blanche Handy	Date 10-17-10	Check if self-employed ► ☒	Preparer's Identifying number (See Signature in the instrs) P00028052
Firm's name (or yours if self-employed), address, and ZIP code ► Blanche Handy, Tax Accounting Svcs. P. O. BOX 70 SCROGGINS TX 75480		EIN ► 75-1572700	
		Phone no ► (903) 860-2507	

Form 990-PF, Page 1, Part I, Line 23
Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
BANK CHARGES	251.	0.	0.	0.
Amortization	0.	0.	0.	0.
Total	251.	0.	0.	0.

Form 990-PF, Page 2, Part III, Line 5
Other Decreases Stmt

BANK CHARGES	
RECONCILIATION OF EXCISE TAX WITH IRS	845.
Total	845.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (a) thru (d)

(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)
600 SHS SCHLUMBERGER	P	02/17/98	10/06/09
200 SHS SCHLUMBERGER	P	04/22/98	10/06/09
300 SHS BAXTER	P	07/22/08	10/06/09
300 SHS BAXTER	P	08/22/08	10/06/09

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (e) thru (h)

(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)
35,656.	0.	20,008.	15,648.
11,885.	0.	7,257.	4,628.
17,181.	0.	20,969.	-3,788.
17,181.	0.	21,305.	-4,124.
Total	0.	69,539.	12,364.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (i) thru (l)

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			**(l)** 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	
			15,648.
			4,628.
			-3,788.
			-4,124.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income Continued
Columns (i) thru (l)

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			**(l)** 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	
Total			12,364.

Form 990-PF, Page 7, Part IX-B, Summary of Program Related Investments
Line 3 Statement

All other program-related investments. See instructions	
N/A	0.
N/A	0.
NONE	0.
Total	0.

Form 990-PF, Page 10, Part XV, Line 2
Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs

Name JOANNE STROUD BILBY
Address 4920 BRIARWOOD PL
City, St, Zip, Phone DALLAS TX 75209-2004 (214) 357-3939

The form in which applications should be submitted and information and materials they should include:
NO SPECIFIED APPLICATION FORM REQUIRED

Any submission deadlines:
NONE

Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
LIMITED TO ORG WHICH QUALIFY AS EXEMPT ORGS UNDER INTERNAL REV CODE OF

Form 990-PF, Page 10, Part XV, Line 2 Continued
Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs

Name .
Address
City, St, Zip, Phone

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

Any submission deadlines:

Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.
1986, CODE SEC 501 (C) (3)

Form 990-PF, Page 1, Part I, Line 10
L-10 Stmt

Line 10 - Gross Sales of Inventory	Gross Sales Less: Returns and Allowances	Less: Cost of Goods Sold	Gross Profit (Loss)
NONE	0.	0.	0.
Total	0.	0.	0.

Form 990-PF, Page 1, Part I, Line 16a
L-16a Stmt

Line 16a - Legal Fees: Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
NONE	NONE	0.			
Total		0.			

Form 990-PF, Page 1, Part I, Line 16b
L-16b Stmt

Line 16b - Accounting Fees: Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
TAX ACCTG SVCS	ACCTG/TAX PREP	1,407.			
Total		1,407.			

Form 990-PF, Page 1, Part I, Line 16c
L-16c Stmt

Line 16c - Other Professional Fees: Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
NONE	NONE	0.			
Total		0.			

Form 990-PF, Page 2, Part II, Line 10a
L-10a Stmt

Line 10a - Investments - US and State Government Obligations:	End of Year State and Local Obligations Book Value	State and Local Obligations FMV	End of Year US Government Obligations Book Value	US Government Obligations FMV
US GOV'T OBLIGATIONS			30,917.	30,917.
FIRST BK PUERTO RICE	15,000.	15,000.		
BARCLAYS BK DELAWARE	15,000.	15,000.		
CAROLINA 1ST BK-SC	15,000.	15,000.		
Total	45,000.	45,000.	30,917.	30,917.

Form 990-PF, Page 2, Part II, Line 10b
L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year Book Value	Fair Market Value
BANK ONE CAPITAL 7.20%	18,360.	19,896.
CENTERPOINT ENERGY	24,426.	29,194.
COMCAST CORP 7.0%	18,480.	19,712.
CSX, INC	2,195.	47,480.
DOMINION RESOURCES 8.37%	20,360.	22,123.
EXXON MOBIL CORP	31,741.	112,605.
FPC CAPITAL TR 7.10%	19,096.	19,856.
FPL GROUP CAPITAL 8.75%	21,664.	22,476.
GENERAL ELECTRIC	29,608.	56,070.
JPMORGAN CHASE 6.3%	17,288.	17,288.
MERCK & COMPANY	2,266.	54,315.
METLIFE INC 6.50%	16,200.	17,880.
PNC CAPITAL TR E 7.75%	18,304.	20,000.
PROCTOR & GAMBLE	10,451.	43,645.
PUBLIC STORAGE (MD) 6.75%	16,168.	18,376.
SBC COMMUNICATIONS 5.62%	16,792.	16,792.
SCHLUMBERGER LTD	33,292.	63,890.
SMUCKER J M CO	6,845.	11,816.
UNITED TECHNOLOGIES	1,168.	67,240.
USB CAPITAL X 6.5%	17,616.	18,264.
VIACOM INC SR NOTES 6.85%	14,280.	14,070.
WELLS FARGO CAP 7.875%	34,588.	35,448.
BASES ADJUSTMENTS	-8,012.	-13,018.
Total	383,176.	735,418.

Form 990-PF, Page 2, Part II, Line 10c
L- 10c Stmt

Line 10c - Investments - Corporate Bonds:	End of Year Book Value	Fair Market Value
GENERAL ELECTRIC BOND 5.25%	16,056.	16,056.
Total	16,056.	16,056.

Form 990-PF, Page 2, Part II, Line 12
L-12 Stmt

Line 12 - Investments - Mortgage loans:	End of Year Book Value	Fair Market Value
NONE	0.	0.
Total	0.	0.

Form 990-PF, Page 2, Part II, Line 13
L-13 Stmt

Line 13 - Investments - Other:	End of Year Book Value	Fair Market Value
NONE	0.	0.
Total	0.	0.

Form 990-PF, Page 2, Part II, Line 11
L-11 Stmt

Line 11b - Description of Investments Land, Buildings and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
NONE	0.	0.	0.
Total	0.	0.	0.

Form 990-PF, Page 2, Part II, Line 14
L-14 Stmt

Line 14b - Description of Land, Buildings, and Equipment	(a) Cost/Other Basis	(b) Accumulated Depreciation	(c) Book Value
NONE	0.	0.	0.
Total	0.	0.	0.

Form 990-PF, Page 2, Part II, Line 15
Other Assets Stmt

Line 15 - Other Assets:	Beginning Year Book Value	End of Year Book Value	End of Year Fair Market Value
DEPOSITS-FIT	1,500.	1,730.	1,730.
ROUNDING FACTOR	1.	-1.	-1.
Total	1,501.	1,729.	1,729.

Form 990-PF, Page 2, Part II, Line 22
Other Liab Stmt

Line 22 - Other Liabilities:	Beginning Year Book Value	Ending Year Book Value
NONE	0.	0.
Total	0.	0.

Supporting Statement of:

Investments/Line 10a Book US-1

Description	Amount
GINNIE MAE 2009-66 5.0%	15,917.
FEDERAL HOME LOAN BANK 4.35%	15,000.
Total	30,917.

Supporting Statement of:

Investments/Line 10a FMV US-1

Description	Amount
GINNIE MAE	15,917.
FEDERAL HOME LOAN BANK 4.35%	15,000.
Total	30,917.