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Form 990-PF

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

2008

Department of the Treasury Internal Revenue Service

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

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

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. Name of foundation: SHELTON FOUNDATION. A Employer identification number: 76-0294299. B Telephone number: (see the instructions). 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.

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))

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes (cash basis only). Rows include Revenue (1-12), Operating and Administrative Expenses (13-26), and Summary (27-29).

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments	891	27,116	27,116
	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 schedule) ▶ _____ Less allowance for doubtful accounts ▶ _____			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	432,728 <input checked="" type="checkbox"/>	260,744	271,663
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
15 Other assets (describe ▶ _____)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	433,619	287,860	298,779	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶ _____)			
23 Total liabilities (add lines 17 through 22)		0		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> 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 ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	433,619	287,860	
30 Total net assets or fund balances (see the instructions)	433,619	287,860		
31 Total liabilities and net assets/fund balances (see the instructions)	433,619	287,860		

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	433,619
2	Enter amount from Part I, line 27a	2	-145,759
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	287,860
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	287,860

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo, day, yr)	(d) Date sold (mo, day, yr)
1a See Additional Data Table			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a See Additional Data Table			
b			
c			
d			
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a See Additional Data Table			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	-117,447
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	-420

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 (col (b) divided by col (c))
2007	39,825	439,584	0.090597
2006	35,617	544,320	0.065434
2005	72,120	498,431	0.144694
2004	84,619	522,111	0.162071
2003	136,709	551,975	0.247672

2 Total of line 1, column (d).	2	0.710468
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	0.142094
4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5.	4	271,617
5 Multiply line 4 by line 3.	5	38,595
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	
7 Add lines 5 and 6.	7	38,595
8 Enter qualifying distributions from Part XII, line 4.	8	24,525

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

Additional Data

Software ID: 08000060
Software Version: 0852N0855N
EIN: 76-0294299
Name: SHELTON FOUNDATION

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Lines a - d

(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1225 SH ECHELON CORP	P	2008-05-22	2009-05-20
567 SH ALP ULTRA SH TAX OPT	P	2009-08-05	2009-10-16
789 SH HUMAN GENOME SCIENCS	P	2005-08-18	2009-05-08
81 SH NEWELL RUBBERMAID	P	2005-06-14	2009-06-03
389 SH HEADWATERS INC	P	2008-05-20	2009-05-19
72 SH BP PCL	P	2009-05-07	2009-10-30
909 SH HEADWATERS	P	2008-05-20	2009-05-21
500 SH SCIENTIFIC LEARNING CORP	P	2000-09-08	2009-06-04
11 SH KRAFT FOODS INC	P	2009-05-06	2009-06-18
125 SH ELI LILLY	P	2007-07-31	2008-12-26
294 SH LEAPFROG ENTERPRISES	P	2006-05-19	2009-05-19
200 SH TIDEWATER	P	2004-09-20	2009-06-03
322 SH SUNCOR ENERGY	P	2008-10-21	2009-06-03
400 SH CAMPBELL SOUP CO	P	2004-03-02	2009-02-24
689 SH LEAPFROG ENTERPRISES	P	2006-05-19	2009-05-21
170 SH BANK NEW YORK MELLON	P	2006-05-08	2009-07-20
40 SH BP PLC	P	2009-05-07	2009-07-22
580 SH FRANCE TELECOM	P	2007-05-02	2009-02-24
200 SH ELI LILLY	P	2007-07-31	2009-05-05
1861 SH TASER INTL	P	2007-05-01	2009-07-15
58 SH ARCELORMITTAL	P	2009-05-19	2009-08-05
221 SH LEXMARK INTL INC	P	2006-01-09	2009-02-24
763 SH RADIOSHACK	P	2007-09-19	2009-05-01
74 SH AT&T	P	2003-10-27	2009-07-31
78 SH SUNCOR ENERGY	P	2008-10-21	2009-08-05
400 SH MARSH MCLENNAN COS	P	2004-10-20	2009-02-24
112 SH TRINITY INDUS	P	2004-06-23	2009-05-08
146 SH DU PONT	P	2005-03-22	2009-09-01
314 SH VALERO ENERGY CORP	P	2008-10-20	2009-07-31
271 SH SONY CORP	P	2005-03-17	2009-02-24

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Lines e - 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)
9,218		15,227	-6,009
5,698		5,693	5
1,661		10,328	-8,667
930		1,882	-952
1,605		4,501	-2,896
4,044		3,325	719
3,457		10,517	-7,060
981		3,355	-2,374
284		275	9
4,710		6,746	-2,036
876		3,066	-2,190
9,544		6,550	2,994
10,620		7,879	2,741
11,520		11,460	60
1,811		7,186	-5,375
5,005		6,351	-1,346
1,998		1,847	151
12,824		17,075	-4,251
6,881		10,880	-3,999
9,305		16,935	-7,630
2,225		1,691	534
3,987		10,387	-6,400
10,620		17,366	-6,746
1,942		1,737	205
2,628		1,909	719
7,512		9,924	-2,412
1,772		2,351	-579
4,529		7,683	-3,154
5,652		6,192	-540
4,366		11,160	-6,794

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Lines i - I

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			-6,009
			5
			-8,667
			-952
			-2,896
			719
			-7,060
			-2,374
			9
			-2,036
			-2,190
			2,994
			2,741
			60
			-5,375
			-1,346
			151
			-4,251
			-3,999
			-7,630
			534
			-6,400
			-6,746
			205
			719
			-2,412
			-579
			-3,154
			-540
			-6,794

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Lines a - d

(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
383 SH WATSON PHARM	P	2007-05-09	2009-05-04
172 SH TIMKEN COMPANY	P	2004-06-23	2009-09-24
168 SH PROSHARES ULTRASHORT	P	2009-06-24	2009-09-16
600 SH KNIGHT CAPITAL GROUP	P	2001-05-23	2009-03-06
816 SH YRC WORLDWIDE	P	2007-12-11	2009-05-08
46 SH CISCO SYSTEMS	P	2006-03-06	2009-09-29
231 SH LINCOLN NTL CORP	P	2009-07-17	2009-09-01
250 SH NATL SEMICONDUCTOR	P	2004-09-02	2009-03-02
210 SH CISCO SYSTEMS	P	2006-03-06	2009-06-03
1000 SH EL PASO CORP	P	2002-07-26	2009-10-12
123 SH PRUDENTIAL FINANCIAL INC	P	2009-04-24	2009-09-01
942 SH SOUTHWEST AIRLINES	P	2007-01-09	2009-03-02
121 SH COCA COLA	P	2006-03-08	2009-06-01
331 SH NEWELL RUBBERMAID	P	2005-06-14	2009-10-19
303 SH SEPRACOR INC	P	2009-05-01	2009-09-14
428 SH OLIN CORP	P	2007-05-21	2009-04-20
453 SH CONAGRA FOODS	P	2007-06-27	2009-06-05
140 SH TIMKEN COMPANY	P	2004-06-23	2009-10-15
144 SH CBS CORP	P	2009-06-01	2009-10-16
753 SH AU OPTRONICS CORP	P	2006-04-03	2009-05-06
66 SH DU PONT	P	2005-03-22	2009-06-03
34 SH WATSON PHARM	P	2007-05-09	2009-10-13
42 SH SANOFI AVENTIS	P	2009-05-05	2009-10-13
1023 SH COPPER TIRE RUBBER	P	2007-11-06	2009-04-30
136 SH ISHARES JAPAN	P	2003-07-08	2009-06-18
255 SH SIGMA DESIGNS	P	2009-06-18	2009-10-16
300 SH GLAXOSMITHKLINE	P	2004-10-26	2009-05-20
300 SH JANUS CAPITAL GROUP	P	2004-11-24	2009-06-18

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Lines e - 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)
11,495		12,011	-516
4,051		4,262	-211
6,815		9,652	-2,837
9,600		10,170	-570
3,501		16,500	-12,999
1,075		965	110
5,356		3,734	1,622
2,526		3,390	-864
4,055		4,406	-351
10,530		10,290	240
5,840		3,471	2,369
5,123		14,818	-9,695
5,909		5,117	792
5,003		7,692	-2,689
6,914		3,993	2,921
6,305		8,359	-2,054
8,937		11,991	-3,054
3,214		3,469	-255
1,870		1,237	633
8,647		10,602	-1,955
1,902		3,473	-1,571
1,278		1,066	212
1,630		1,212	418
8,489		17,514	-9,025
1,278		1,098	180
3,256		4,235	-979
9,918		12,573	-2,655
3,520		4,911	-1,391

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Lines i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			-516
			-211
			-2,837
			-570
			-12,999
			110
			1,622
			-864
			-351
			240
			2,369
			-9,695
			792
			-2,689
			2,921
			-2,054
			-3,054
			-255
			633
			-1,955
			-1,571
			212
			418
			-9,025
			180
			-979
			-2,655
			-1,391

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see the instructions)

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic foundations', and 'Tax due'. Includes sub-tables for credits and payments (6a-6d).

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Includes questions about political influence, political expenditures, and foundation status. Includes 'Yes' and 'No' columns.

Part VII-A Statements Regarding Activities Continued

<p>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 page 20 of the instructions)</p> <p>.....</p>	11a		No
<p>12 Did the foundation acquire a direct or indirect interest in any applicable insurance contract?</p>	12		No
<p>13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?</p> <p>Web site address N/A</p>	13	Yes	
<p>14 The books are in care of JOHN SHELTON Telephone no (713) 463-8469</p> <p>Located at PO BOX 79092 HOUSTON TX ZIP+4 77024</p>			
<p>15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here <input type="checkbox"/></p> <p>and enter the amount of tax-exempt interest received or accrued during the year 15</p>			

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
<p>1a During the year did the foundation (either directly or indirectly)</p> <p>(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>(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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(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). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>				
<p>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)? <input type="checkbox"/></p> <p>Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/></p>	1b			No
<p>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?</p>	1c			
<p>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))</p> <p>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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If "Yes," list the years 20__, 20__, 20__, 20__</p> <p>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).</p> <p>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__</p>	2b			
<p>3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2008.</i>)</p>	3b			
<p>4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?</p>	4a			No
<p>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?</p>	4b			No

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

<p>5a During the year did the foundation pay or incur any amount to</p> <p>(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(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). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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 the instructions)? . . . 5b</p> <p>Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/></p> <p>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? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945–5(d).</p> <p>6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 6b No If you answered "Yes" to 6b, also file Form 8870.</p> <p>7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? 7b</p>	
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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 the instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Additional Data Table				

2 Compensation of five highest-paid employees (other than those included on line 1—see the instructions). If none, enter "NONE."

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

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

Form 990PF PartVIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation

(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
ROSE ANN SHELTON 3 INWOOD OAKS HOUSTON, TX 77024	PRES/TTE 0	0	0	0
SHARON SHELTON 3 INWOOD OAKS HOUSTON, TX 77024	VP/TTE 0	1,000	0	0
SHIRLEY MERIDETH 3 INWOOD OAKS HOUSTON, TX 77024	SEC/TTE 0	1,000	0	0
JOHN T SHELTON III 3 INWOOD OAKS HOUSTON, TX 77024	TREAS/TTE 0	1,000	0	0
JOHN T SHELTON JR 3 INWOOD OAKS HOUSTON, TX 77024	TTE 0	0	0	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 the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services.		

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see the 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 the instructions	
3	
Total Add lines 1 through 3.	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	242,529
b	Average of monthly cash balances.	1b	33,224
c	Fair market value of all other assets (see the instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	275,753
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets.	2	
3	Subtract line 2 from line 1d.	3	275,753
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see the instructions).	4	4,136
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	271,617
6	Minimum investment return. Enter 5% of line 5.	6	13,581

Part XI Distributable Amount (see page 25 of the instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6.	1	13,581
2a	Tax on investment income for 2008 from Part VI, line 5.	2a	
b	Income tax for 2008 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	13,581
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	13,581
6	Deduction from distributable amount (see the instructions).	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	13,581

Part XII Qualifying Distributions (see page 25 of the instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26.	1a	24,525
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	24,525
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	24,525

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

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

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				13,581
2 Undistributed income, if any, as of the end of 2007				
a Enter amount for 2007 only.				
b Total for prior years 20___, 20___, 20___				
3 Excess distributions carryover, if any, to 2008				
a From 2003.	109,330			
b From 2004.	58,987			
c From 2005.	47,644			
d From 2006.	8,401			
e From 2007.	17,846			
f Total of lines 3a through e.	242,208			
4 Qualifying distributions for 2008 from Part XII, line 4 ▶ \$ <u>24,525</u>				
a Applied to 2007, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see the instructions).				
c Treated as distributions out of corpus (Election required—see the instructions).				
d Applied to 2008 distributable amount.				13,581
e Remaining amount distributed out of corpus	10,944			
5 Excess distributions carryover applied to 2008 <i>(If an amount appears in column (d), the same amount must be shown in column (a).)</i>				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	253,152			
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see the instructions.				
e Undistributed income for 2006 Subtract line 4a from line 2a Taxable amount—see the instructions.				
f Undistributed income for 2008 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2008.				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see the instructions).				
8 Excess distributions carryover from 2002 not applied on line 5 or line 7 (see page 27 of the instructions).	109,330			
9 Excess distributions carryover to 2008. Subtract lines 7 and 8 from line 6a.	143,822			
10 Analysis of line 9				
a From 2004.	58,987			
b From 2005.	47,644			
c From 2006.	8,401			
d From 2007.	17,846			
e From 2008.	10,944			

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

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

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

	Tax year	Prior 3 years			(e) Total
	(a) 2008	(b) 2007	(c) 2006	(d) 2005	
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 the instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000) (See section 507(d)(2))

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

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

Check here if the organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization makes gifts, grants, etc (see the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed
 JOHN SHELTON
 P O BOX 79092
 HOUSTON, TX 770247909
 (713) 463-8469

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

c Any submission deadlines
 NONE

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors
 NONE

Part XV **Supplementary Information** (continued)

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

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i> See Additional Data Table				
Total				3a 24,025
b <i>Approved for future payment</i>				
Total				3b

Form 990PF Part XV Line 3a - Grants and Contributions Paid During the Year

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
TIGER ATHLETIC FOUNDATION PO BOX 711 BATON ROUGE, LA 70821			PROVIDES SCHOLARSHIPS TO QUAL IND	3,000
LSU ALUMNI ASSOCIATION 3838 WEST LAKESHORE DR BATON ROUGE, LA 70808			PROVIDES SCHOLARSHIPS TO QUAL IND	11,000
LSU FOUNDATION 3838 WEST LAKESHORE DR BATON ROUGE, LA 70808			PROVIDES SCHOLARSHIPS TO QUAL IND	2,050
CAMPANILE CHARITIES 3838 WEST LAKESHORE DR BATON ROUGE, LA 70808			PROVIDES FOR EDUCATION	400
CHAPELWOOD UMC 11140 GREENBAY ST HOUSTON, TX 77024			CHURCH	7,200
FIRST UMC MISSOURI CITY 3900 LEXINGTON BLVD MISSOURI CITY, TX 77459			CHURCH	50
SEVEN ACRES JEWISH SENIOR 6200 N BRAESWOOD BLVD HOUSTON, TX 77074			OUTREACH SERVICES TO SENIORS	75
BO'S PLACE 10050 BUFFALO SPEEDWAY HOUSTON, TX 77054			HELPS DISADVANTAGED CHILDREN	50
BENGAL GROUP 850 NORTH BLVD BATON ROUGE, LA 70802			PROVIDES SCHOLARSHIPS	100
MEMORIAL DR PRES CHURCH 11612 MEMORIAL DR HOUSTON, TX 77024			CHURCH	100
Total				24,025

TY 2008 Accounting Fees Schedule

Name: SHELTON FOUNDATION

EIN: 76-0294299

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
START & BUSCH LLC	1,000	500		500

**TY 2008 Investments Corporate
Stock Schedule****Name:** SHELTON FOUNDATION**EIN:** 76-0294299

Name of Stock	End of Year Book Value	End of Year Fair Market Value
INVESTMENTS-PAINE WEBBER	260,744	271,663

TY 2008 Other Expenses Schedule

Name: SHELTON FOUNDATION

EIN: 76-0294299

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
P O BOX RENTAL	40	40		

TY 2008 Other Professional Fees Schedule

Name: SHELTON FOUNDATION

EIN: 76-0294299

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
MERRILL LYNCH	6,355	6,355		

TY 2008 Taxes Schedule

Name: SHELTON FOUNDATION

EIN: 76-0294299

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES	61	61		