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

2009

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

For calendar year 2009, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation THE HILLCREST FOUNDATION		A Employer identification number 31-1501699
	Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 132961	Room/suite	B Telephone number 281-367-4082
	City or town, state, and ZIP code THE WOODLANDS, TX 77393		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, col. (c), line 16)
\$ **6428961.**

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))		(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			N/A	
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	157972.	157972.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-432620.			
	b Gross sales price for all assets on line 6a	3353433.			
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
Operating and Administrative Expenses	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 Total. Add lines 1 through 11	-274648.	157972.		
	13 Compensation of officers, directors, trustees, etc	12000.	12000.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees	16029.	16029.		0.
	b Accounting fees	2550.	2550.		0.
	c Other professional fees	43992.	43992.		0.
	17 Interest				
	18 Taxes				
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	1133.	1133.		0.
22 Printing and publications					
23 Other expenses	96.	96.		0.	
24 Total operating and administrative expenses. Add lines 13 through 23	75800.	75800.		0.	
25 Contributions, gifts, grants paid	298000.			298000.	
26 Total expenses and disbursements. Add lines 24 and 25	373800.	75800.		298000.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-648448.				
b Net investment income (if negative, enter -0-)		82172.			
c Adjusted net income (if negative, enter -0-)			N/A		

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		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			136179.	261281.	261281.
	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					
	7 Other notes and loans receivable ▶					
	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					
	b Investments - corporate stock STMT 6			6295587.	5522187.	6167680.
	c Investments - corporate bonds					
Liabilities	11 Investments - land, buildings, and equipment basis ▶					
	Less: accumulated depreciation ▶					
	12 Investments - mortgage loans					
	13 Investments - other					
	14 Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
	15 Other assets (describe ▶)					
	16 Total assets (to be completed by all filers)			6431766.	5783468.	6428961.
	17 Accounts payable and accrued expenses					
	18 Grants payable					
Net Assets or Fund Balances	19 Deferred revenue					
	20 Loans from officers, directors, trustees, and other disqualified persons					
	21 Mortgages and other notes payable					
	22 Other liabilities (describe ▶)					
	23 Total liabilities (add lines 17 through 22)			0.	0.	
	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					
Part III	Foundations that do not follow SFAS 117, check here ▶ ☒					
	and complete lines 27 through 31.					
	27 Capital stock, trust principal, or current funds			0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds			6431766.	5783468.	
	30 Total net assets or fund balances			6431766.	5783468.	
Part III	31 Total liabilities and net assets/fund balances			6431766.	5783468.	

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	6431766.
2 Enter amount from Part I, line 27a	2	-648448.
3 Other increases not included in line 2 (itemize) ▶ FEDERAL TAX REFUND	3	150.
4 Add lines 1, 2, and 3	4	5783468.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	5783468.

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 ATTACHED STATEMENTS		P	VARIOUS	VARIOUS
b SEE ATTACHED STATEMENTS		P	VARIOUS	VARIOUS
c SEE ATTACHED STATEMENTS		P	VARIOUS	VARIOUS
d SEE ATTACHED STATEMENTS		P	VARIOUS	VARIOUS
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 1096359.		1498091.	-401732.
b 503128.		600083.	-96955.
c 1280209.		1234915.	45294.
d 473737.		452964.	20773.
e			

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			-401732.
b			-96955.
c			45294.
d			20773.
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	-432620.
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). If (loss), enter -0- in Part I, line 8	{		3	N/A

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 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))
2008	228982.	6041277.	.037903
2007	212407.	4602175.	.046154
2006	210113.	4424383.	.047490
2005	156400.	4265303.	.036668
2004	112323.	3188186.	.035231

2 Total of line 1, column (d)	2	.203446
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	.040689
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	5835172.
5 Multiply line 4 by line 3	5	237427.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	822.
7 Add lines 5 and 6	7	238249.
8 Enter qualifying distributions from Part XII, line 4 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.	8	298000.

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of 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	1	822.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3	Add lines 1 and 2	3	822.
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	822.
6	Credits/Payments:		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	2564.
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	2564.
8	Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1742.
11	Enter the amount of line 10 to be: Credited to 2010 estimated tax ☒ 1742. Refunded ☒ 0.	11	0.

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? 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		X
1c Did the foundation file Form 1120-POL for this year?		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		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		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		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?		X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV.	X	
8a Enter the states to which the foundation reports or with which it is registered (see 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	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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	X	

N/A

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(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 ► NONE

14 The books are in care of ► RENEE J. KELLY Telephone no. ► 281-684-2511
 Located at ► 42 THUNDER COVE PLACE THE WOODLANDS, TEXAS ZIP+4 ► 77381

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 N/A

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly):		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☒ No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☒ No	
(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	☐ Yes ☒ No	
b If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	1b
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	☐ Yes ☒ No	
If "Yes," list the years ► _____, _____, _____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	N/A	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. ► _____, _____, _____		
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 2009 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 2009)	N/A	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 2009?		4b X

Form 990-PF (2009)

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)?

☐ 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)?

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?

If "Yes" to 6b, file Form 8870

6b

X

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?

N/A

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.

(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 8		12000.	0.	0.

2 Compensation of five highest-paid employees (other than those included on line 1). 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

Form 990-PF (2009)

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	5768157.
b	Average of monthly cash balances	1b	155875.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	5924032.
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	5924032.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	88860.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	5835172.
6	Minimum investment return. Enter 5% of line 5	6	291759.

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	291759.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	822.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	822.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	290937.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	290937.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	290937.

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	298000.
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	
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	298000.
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	5	822.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	297178.

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 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				290937.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			297208.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$ 298000.				
a Applied to 2008, but not more than line 2a			297208.	
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 2009 distributable amount				792.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (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 2008. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				290145.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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 2009, 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)

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

Tax year	Prior 3 years			(e) Total
(a) 2009	(b) 2008	(c) 2007	(d) 2006	

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 foundation 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).)

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:

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

[illegible]

- 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		

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.

Sign Here	Signature of officer or trustee <u>Gene Kelly</u>		Date <u>11/12/10</u>		Title <u>Treasurer</u>	
	Preparer's signature <u>[Signature]</u>		Date <u>11/11/2010</u>		Check if self-employed ☒	
Paid Preparer's Use Only	Firm's name (or yours if self-employed), address, and ZIP code CHRISTMANN & CO. 770 S. POST OAK LANE, STE 250 HOUSTON, TX 77056-1913				Preparer's identifying number EIN Phone no.	

Form **990-PF** (2009)

FORM 990-PF	DIVIDENDS AND INTEREST FROM SECURITIES	STATEMENT	1
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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
AVALON 16H80163	87528.	0.	87528.
AVALON 16H80164	70444.	0.	70444.
TOTAL TO FM 990-PF, PART I, LN 4	157972.	0.	157972.

FORM 990-PF	LEGAL FEES	STATEMENT	2
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL FEES	16029.	16029.		0.
TO FM 990-PF, PG 1, LN 16A	16029.	16029.		0.

FORM 990-PF	ACCOUNTING FEES	STATEMENT	3
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAX PREP	2550.	2550.		0.
TO FORM 990-PF, PG 1, LN 16B	2550.	2550.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	4
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ADVISORY FEES	43992.	43992.		0.
TO FORM 990-PF, PG 1, LN 16C	43992.	43992.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
POSTAGE	38.	38.			0.
BANK FEES	30.	30.			0.
MISCELLANEOUS	28.	28.			0.
TO FORM 990-PF, PG 1, LN 23	96.	96.			0.

FORM 990-PF	CORPORATE STOCK		STATEMENT	6
DESCRIPTION	BOOK VALUE		FAIR MARKET VALUE	
BROKERAGE ACCOUNTS	5522187.		6167680.	
TOTAL TO FORM 990-PF, PART II, LINE 10B	5522187.		6167680.	

FORM 990-PF	LIST OF SUBSTANTIAL CONTRIBUTORS PART VII-A, LINE 10	STATEMENT	7
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NAME OF CONTRIBUTOR	ADDRESS
ESTATE OF L.C. KUNG	200 RIVER POINTE DRIVE CONROE, TX 77304

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 8

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN EXPENSE CONTRIB ACCOUNT
DR. DAVID MOUTON 5634 CANDLEWOOD HOUSTON, TX 77056	DIRECTOR 0.00	0.	0. 0.
EDDY SCOTT 901 LONGMIRE # 9 CONROE, TX 77304	DIRECTOR 0.00	0.	0. 0.
WILLIAM PANILL 3709 PIPING ROCK HOUSTON, TX 77027	DIRECTOR 0.00	0.	0. 0.
KELLY REED 72 LA JOLLA CIRCLE MONTGOMERY, TX 77356	DIRECTOR 0.00	0.	0. 0.
ELIZABETH GIMMLER 1572 CHAPPARAL MONTGOMERY, TX 77356	DIRECTOR 0.00	0.	0. 0.
DIANE KEIR 7 HOPE VALLEY PLACE THE WOODLANDS, TX 77382	DIRECTOR 0.00	0.	0. 0.
DAVID MYERS 4024 OAKMEADOW PLANO, TX 75093	DIRECTOR 0.00	0.	0. 0.
RENEE J. KELLY 42 THUNDER COVE PLACE THE WOODLANDS, TX 77381	DIRECTOR/ACCOUNTING 3.00	12000.	0. 0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		12000.	0. 0.

THE HILLCREST FOUNDATION**31-1501699****2009 DONATIONS****Amount**

Memorial Sloan Kettering Cancer Center P.O. Box 21706 New York, NY 10087-7106	\$ 29,800.00
Wounded Warrior Project P.O. Box 758517 Topeka, Kansas 66675-8517	\$ 3,355.00
CCSC Houston 3230 Mercer Houston, TX 77027	\$ 15,085.00
Montgomery County Committee on Aging, Inc. The Friendship Center 1202 Callahan Avenue Conroe, Texas 77301 www.thefriendshipcenter.com	\$ 2,000.00
Montgomery County Food Bank P.O. Box 2691 Conroe, TX 77305 www.montgomerycountyfoodbank.org	\$ 4,000.00
Lupus Foundation of America Texas Gulf Coast Chapter 3730 Kirby Dr, Ste 720 Houston, TX 77098	\$ 15,085.00
Interfaith of the Woodlands c/o Ann Snyder, CEO 4242 Woodrush Dr The Woodlands, TX 77381	\$ 5,000.00
Shriner's Hospital for Children - Houston Unit c/o Tomball Shrine Club 19402 Dianeshire Spring, Texas 77388 Contact: Sherman Markowitz, Treasurer 713-805-6114	\$ 5,000.00
Texas New Community Alliance Kathy Sanders, President P.O. Box 7181 The Woodlands, TX 77387-7181	\$ 2,500.00

St. Thomas High School 4500 Memorial Dr Houston, TX 77007	\$ 10,000.00
Montgomery County Women's Center Attn: Nancy Harrington, Exec Director P.O. Box 8669 The Woodlands, TX 77387	\$ 5,000.00
Houston Audubon Society 440 Wilchester Blvd Houston, TX 77079 Habitat Conservation- High Island	\$ 3,000.00
Duchesne Academy of the Sacred Heart 10202 Memorial Drive Houston, TX 77024	\$ 3,750.00
Houston Livestock Show and Rodeo P.O. Box 20070 Houston, TX 77225-0070 832-667-1000	\$ 14,775.00
Kelsey Research Foundation 5615 Kirby, Suite 650 Houston, TX 77005	\$ 5,000.00
Red River Fighter Pilots Association P.O. Box 1553 Front Royal, VA 22630-5627	\$ 2,000.00
John Hopkins University The Patrick C. Walsh Prostate Cancer Research Fund Brady Urological Institute One Charles Center 100 N. Charles Street Baltimore, Maryland 21201	\$ 10,000.00
Gulf Coast Bird Observatory 103 West Highway blvd Lake Jackson, TX 77566	\$ 3,000.00
Houston PBS 4343 Elgin St Houston, TX 77204	\$ 1,000.00
St. Vincent DePaul Society Romero Center Sacred Heart Church 109 N. Frazier Street	\$ 3,000.00

Conroe, TX 77301

Marine Corps Heritage Foundation \$ 1,000.00
P.O. Box 998
Quantico, Virginia 22134-0998

Ars Lyrica Houston \$ 5,000.00
Attn: Van Richard Viebig, Treasurer
401 W Alabama
Houston, TX 77006

Piping Rock Singers, Inc. \$ 5,000.00
Karl Lothmann, Treasurer
3015 Hummingbird
Humble, TX 77396

Central Virginia Battlefields Trust \$ 2,500.00
Linda Wandres, Executive Director
P.O. Box 3417
Fredericksburg, Virginia 22402

The Confederate Memorial Literary Society \$ 2,000.00
1201 E. Clay Street
Richmond, Virginia 23219

The Fort Delaware Society \$ 1,000.00
John L. Whitehead, Treasurer
P.O. Box 553
Delaware City, Delaware 19706

The Jeb Stuart Birthplace Trust \$ 1,000.00
Brian Jessup, Treasurer
P.O. Box 240
Ararat, Virginia 24053

James Dick Foundation \$ 2,000.00
P.O. Box 89
Round Top, TX 78954

Houston Early Music \$ 1,000.00
Ed Rinehart, Treasurer
P.O. Box 271193
Houston, TX 77277

Montgomery County Master Gardener Assoc. \$ 10,000.00
9020 FM 1484
Conroe, TX 77303

Rotary Club of Conroe Foundation \$ 8,525.00
P.O. Box 1293
Conroe, TX 77305

Child Advocates of Montgomery County 412 West Phillips Ste 107 Conroe, TX 77301	\$ 5,000.00
Any Marine.com c/o Any Soldier Inc Marty Horn, President P.O. Box 715 Waldorf, MD 20604	\$ 1,000.00
The Community Clinic 101 Pine Manor Drive Oak Ridge North, TX 77385	\$ 7,500.00
Civil War Preservation Trust PO Box 17686 Baltimore, MD 21298	\$ 2,000.00
Star of Hope 6897 Ardmore Houston, TX 77054-2307 www.sohmission.org	\$ 5,000.00
The University of Texas M D Anderson Cancer Center P.O. Box 4486 Houston, TX 77210	\$ 10,000.00
J S Bach Society Christ the King Lutheran Church Dr. Douglas Koch, President 2353 Rice Blvd Houston, TX 77005	\$ 2,000.00
Isabel's Community Outreach Isabel Garcia, President 3117 Sandy Trail Lane Plano, TX 75023-5625	\$ 5,000.00
Children's Medical Center of Dallas 2777 Stemmons Freeway, Suite 1025 Dallas, TX 75207-2230	\$ 11,025.00
Celebration Church The Woodlands, TX 77381	\$ 4,000.00
Susan G. Komen for the Cure 5433 Westheimer Houston, TX 77056	\$ 7,500.00

Beta Upsilon Chi Fort Worth, TX 76179	\$ 2,500.00
Presbyterian Children's Homes & Services 5020 West Bellfort Houston, TX 77035	\$ 7,500.00
Texas Lions Camp 4100 Memorial Blvd Kerrville, TX 78028	\$ 3,275.00
Focus on the Family Colorado Springs, CO 80995	\$ 2,750.00
Manresa	\$ 1,000.00
Caring Bridge Eagan, MN 55121	\$ 500.00
South Montgomery County Girls Softball 1080 Pruitt Rd Spring, TX 77380	\$ 5,000.00
National MS Society Houston, TX 77054	\$ 5,000.00
Memorial Hermann Foundation 929 Gessner Houston, TX 77024	\$ 2,500.00
The American Horse Trials Foundation 221 Grove Cove Rd Centreville, MD 21617	\$ 1,025.00
Galveston Bay Area Chapter of Master Naturalists 5155 Hwy 3 Dickinson, TX 77539	\$ 2,525.00
Texas Historical Commission P.O Box 12276 Austin, TX 78711	\$ 2,500.00
Texas Toot Austin, TX 78765	\$ 1,000.00
SNAP Houston, TX 77270	\$ 525.00
Houston Ballet 1921 West Bell Houston, TX 77019	\$ 2,000.00

Houston Grand Opera \$ 2,000.00
510 Preston St
Houston, TX 77002

Montgomery United Methodist Church \$ 5,000.00
The Woodlands, TX

Montgomery County Crime Stoppers \$ 10,000.00
P.O. Box 1491
Conroe, TX 77301

\$ 298,000.00

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
THE HILLCREST FOUNDATION - EQUITY BALANCED ACCOUNT
ACCOUNT #16H80163
From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Gain Or Loss		
						Proceeds	Short Term	Long Term
10-24-08	01-15-09	2,730	BANK OF AMERICA CORP	58,383 506		21,855 166	(36,528 340)	
12-18-08	01-15-09	26	BANK OF AMERICA CORP	365 300		208 144	(157 156)	
05-19-08	01-15-09	93	CITIGROUP INC	2,162 250		338 425	(1,823 825)	
10-02-08	01-15-09	1,336	CITIGROUP INC	30,429 003		4,861 676	(25,567 327)	
04-14-08	01-15-09	412	CITIGROUP INC	9,282 360		1,499 259	(7,783 101)	
03-26-08	01-15-09	193	CITIGROUP INC	4,309 010		702 323	(3,606 687)	
09-05-08	01-15-09	320	CITIGROUP INC	6,070 400		1,164 473	(4,905 927)	
10-16-08	01-15-09	563	CITIGROUP INC	8,911 900		2,048 745	(6,863 155)	
10-08-08	01-15-09	204	CITIGROUP INC	2,890 370		742 352	(2,148 018)	
12-18-08	01-15-09	25	CITIGROUP INC	187 750		90 974	(96 776)	
01-21-05	01-15-09	261	CITIGROUP INC	12,542 040		949 774		(11,592 266)
08-13-07	01-15-09	286	CITIGROUP INC	13,433 420		1,040 748		(12,392 672)
10-26-05	01-15-09	387	CITIGROUP INC	17,657 730		1,408 285		(16,249 445)
08-11-03	01-15-09	73	CITIGROUP INC	3,229 520		265 646		(2,963 874)
09-30-04	01-15-09	57	CITIGROUP INC	2,514 840		207 422		(2,307 418)
05-16-03	01-15-09	119	CITIGROUP INC	4,694 550		433 038		(4,261 512)
05-19-08	01-22-09	80	CVS CAREMARK CORP	3,458 400		2,124 636	(1,333 764)	
03-26-08	01-22-09	118	CVS CAREMARK CORP	4,810 060		3,133 838	(1,676 222)	
03-04-08	01-22-09	730	CVS CAREMARK CORP	29,674 720		19,387 303	(10,287 417)	
04-14-08	01-22-09	253	CVS CAREMARK CORP	10,082 050		6,719 161	(3,362 889)	
09-05-08	01-22-09	197	CVS CAREMARK CORP	7,054 450		5,231 916	(1,822 534)	
10-01-08	01-22-09	444	CVS CAREMARK CORP	14,811 310		11,791 730	(3,019 580)	
10-08-08	01-22-09	142	CVS CAREMARK CORP	4,095 880		3,771 229	(324 651)	
10-16-08	01-22-09	296	CVS CAREMARK CORP	8,336 660		7,861 154	(475 506)	
12-18-08	01-22-09	13	CVS CAREMARK CORP	352 810		345 253	(7 557)	
08-20-08	01-22-09	279	MEDTRONIC INC	15,475 264		9,096 577	(6,378 687)	
08-13-08	01-22-09	329	MEDTRONIC INC	17,536 390		10,726 788	(6,809 602)	
09-05-08	01-22-09	223	MEDTRONIC INC	11,850 690		7,270 741	(4,579 949)	
09-23-08	01-22-09	252	MEDTRONIC INC	13,245 020		8,216 263	(5,028 757)	
07-15-08	01-22-09	749	MEDTRONIC INC	39,365 340		24,420 561	(14,944 779)	
10-08-08	01-22-09	122	MEDTRONIC INC	5,455 250		3,977 715	(1,477 535)	
10-16-08	01-22-09	294	MEDTRONIC INC	11,699 110		9,585 640	(2,113 470)	

Avalon Advisors, LLC

Gain Or Loss

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
THE HILLCREST FOUNDATION - EQUITY BALANCED ACCOUNT
ACCOUNT #16H80163
From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Short Term	Long Term
12-18-08	01-23-09	4	DEVON ENERGY CORPORATION (NEW)	258 120		246 817	(11 303)	
04-14-08	01-23-09	228	MICROSOFT CORP	6,422 760		3,959 652	(2,463 108)	
09-05-08	01-23-09	343	MICROSOFT CORP	8,893 990		5,956 845	(2,937 145)	
10-16-08	01-23-09	273	MICROSOFT CORP	6,427 458		4,741 163	(1,686 295)	
10-01-08	02-13-09	2,257	PFIZER INC	41,976 140		33,004 602	(8,971 538)	
10-08-08	02-13-09	346	PFIZER INC	6,034 240		5,059 633	(974 607)	
12-18-08	02-13-09	31	PFIZER INC	530 390		453 320	(77 070)	
10-16-08	02-13-09	710	PFIZER INC	11,950 860		10,382 485	(1,568 375)	
04-14-08	02-13-09	32	DEERE & CO	2,751 360		1,179 324	(1,572 036)	
05-19-08	02-13-09	77	DEERE & CO	6,309 380		2,837 749	(3,471 631)	
03-26-08	02-13-09	44	DEERE & CO	3,571 700		1,621 571	(1,950 129)	
03-17-08	02-13-09	177	DEERE & CO	14,125 929		6,523 136	(7,602 793)	
05-19-08	02-13-09	60	JOY GLOBAL INC COM	4,858 200		1,287 690	(3,570 510)	
04-14-08	02-13-09	66	JOY GLOBAL INC COM	4,554 660		1,416 460	(3,138 200)	
03-17-08	02-20-09	92	DEERE & CO	7,342 291		2,673 782	(4,668 509)	
09-05-08	02-20-09	72	DEERE & CO	4,536 710		2,092 525	(2,444 185)	
10-01-08	02-20-09	377	DEERE & CO	17,734 980		10,956 692	(6,778 288)	
10-16-08	02-20-09	139	DEERE & CO	5,366 300		4,039 735	(1,326 565)	
12-18-08	02-20-09	7	DEERE & CO	270 210		203 440	(66 770)	
10-08-08	02-20-09	55	DEERE & CO	1,976 980		1,598 456	(378 524)	
04-14-08	02-20-09	72	JOY GLOBAL INC COM	4,968 720		1,330 200	(3,638 520)	
03-26-08	02-20-09	65	JOY GLOBAL INC COM	4,322 520		1,200 875	(3,121 645)	
09-05-08	02-20-09	107	JOY GLOBAL INC COM	5,484 200		1,976 824	(3,507 376)	
10-08-08	02-20-09	49	JOY GLOBAL INC COM	1,486 550		903 275	(581 275)	
10-16-08	02-20-09	123	JOY GLOBAL INC COM	2,980 110		2,272 424	(707 686)	
12-18-08	02-20-09	6	JOY GLOBAL INC COM	138 110		110 850	(27 260)	
01-09-08	02-20-09	397	JOY GLOBAL INC COM	23,358 570		7,334 572	(16,023 998)	
03-26-08	02-23-09	38	GENERAL ELECTRIC CO	1,410 666		336 735	(1,073 931)	
05-19-08	02-23-09	385	GENERAL ELECTRIC CO	12,527 900		3,411 660	(9,116 240)	
04-14-08	02-23-09	470	GENERAL ELECTRIC CO	15,129 300		4,164 884	(10,964 416)	
09-05-08	02-23-09	317	GENERAL ELECTRIC CO	8,788 126		2,809 081	(5,979 045)	
08-14-08	02-23-09	175	BLACKROCK INC CL A	38,129 120		17,377 264	(20,751 856)	
09-05-08	02-23-09	29	BLACKROCK INC CL A	6,093 660		2,879 661	(3,213 999)	

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
 THE HILLCREST FOUNDATION - EQUITY BALANCED ACCOUNT
 ACCOUNT #16H80163
 From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort or Accretion	Proceeds	Short Term	Long Term
10-08-08	02-23-09	14	BLACKROCK INC CL A	2,345 720		1,390 181	(955 539)	
10-16-08	02-23-09	32	BLACKROCK INC CL A	4,628 700		3,177 557	(1,451 143)	
12-18-08	02-23-09	2	BLACKROCK INC CL A	254 680		198 597	(56 083)	
09-05-08	03-04-09	48	GENERAL ELECTRIC CO	1,330 694		283 424	(1,047 270)	
10-08-08	03-04-09	168	GENERAL ELECTRIC CO	3,413 760		991 984	(2,421 776)	
10-16-08	03-04-09	417	GENERAL ELECTRIC CO	8,201 180		2,462 246	(5,738 934)	
12-18-08	03-04-09	19	GENERAL ELECTRIC CO	303 240		112 189	(191 051)	
08-13-07	03-04-09	204	GENERAL ELECTRIC CO	7,807 080		1,204 552		(6,602 528)
01-07-05	03-04-09	407	GENERAL ELECTRIC CO	14,721 190		2,403 199		(12,317 991)
04-21-06	03-04-09	196	GENERAL ELECTRIC CO	6,674 212		1,157 314		(5,516 898)
09-30-04	03-04-09	101	GENERAL ELECTRIC CO	3,385 520		596 371		(2,789 149)
05-16-03	03-04-09	161	GENERAL ELECTRIC CO	4,553 080		950 651		(3,602 429)
08-11-03	03-04-09	138	GENERAL ELECTRIC CO	3,888 840		814 844		(3,073 996)
07-18-03	03-04-09	145	GENERAL ELECTRIC CO	4,003 450		856 176		(3,147 274)
05-19-08	03-06-09	26	PROCTER & GAMBLE CO	1,740 700		1,182 886	(557 814)	
10-08-08	03-06-09	84	PROCTER & GAMBLE CO	5,463 040		3,821 632	(1,641 408)	
10-16-08	03-06-09	189	PROCTER & GAMBLE CO	11,660 691		8,598 672	(3,062 019)	
03-26-08	03-06-09	21	COCA COLA CMN	1,287 339		813 076	(474 263)	
04-14-08	03-06-09	265	COCA COLA CMN	16,178 250		10,260 239	(5,918 011)	
05-19-08	03-06-09	218	COCA COLA CMN	12,591 680		8,440 499	(4,151 181)	
09-05-08	03-06-09	205	COCA COLA CMN	10,658 590		7,937 166	(2,721 424)	
10-08-08	03-06-09	14	COCA COLA CMN	665 696		542 050	(123 646)	
07-11-08	03-09-09	1,200	KROGER CO	34,532 284		23,576 742	(10,955 542)	
10-01-08	03-09-09	812	KROGER CO	22,452 120		15,953 596	(6,498 524)	
09-05-08	03-09-09	208	KROGER CO	5,616 000		4,086 635	(1,529 365)	
10-16-08	03-09-09	354	KROGER CO	9,216 040		6,955 139	(2,260 901)	
12-18-08	03-09-09	16	KROGER CO	415 920		314 357	(101 563)	
10-08-08	03-09-09	136	KROGER CO	3,428 140		2,672 031	(756 109)	
10-16-08	03-10-09	22	PROCTER & GAMBLE CO	1,357 329		986 362	(370 967)	
12-18-08	03-10-09	9	PROCTER & GAMBLE CO	541 760		403 512	(138 248)	
08-13-07	03-10-09	385	PROCTER & GAMBLE CO	24,828 650		17,261 337		(7,567 313)
01-07-05	03-10-09	64	PROCTER & GAMBLE CO	2,903 192		2,869 417	(33 775)	
09-30-04	03-10-09	76	PROCTER & GAMBLE CO	3,258 840		3,407 433	148 593	
05-16-03	03-10-09	39	PROCTER & GAMBLE CO	1,354 640		1,748 551	393 911	

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
 THE HILLCREST FOUNDATION - EQUITY BALANCED ACCOUNT
 ACCOUNT #16H80163
 From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Short Term	Long Term
08-11-03	03-10-09	118	PROCTER & GAMBLE CO	3,789 720		5,290 488		1,500 768
09-05-08	03-26-09	78	GENENTECH INC	7,510 238		7,410 000	(100 238)	
03-07-08	03-26-09	282	GENENTECH INC	22,243 260		26,790 000		4,546 740
03-26-08	03-26-09	46	GENENTECH INC	3,762 000		4,370 000	608 000	
07-18-08	03-26-09	248	GENENTECH INC	20,159 870		23,560 000	3,400 130	
10-16-08	03-26-09	172	GENENTECH INC	13,969 500		16,340 000	2,370 500	
07-17-08	03-26-09	240	GENENTECH INC	19,357 180		22,800 000	3,442 820	
12-18-08	03-26-09	8	GENENTECH INC	640 760		760 000	119 240	
10-08-08	03-26-09	68	GENENTECH INC	5,170 770		6,460 000	1,289 230	
04-14-08	03-26-09	98	GENENTECH INC	7,329 420		9,310 000	1,980 580	
05-19-08	03-26-09	80	GENENTECH INC	5,633 600		7,600 000	1,966 400	
02-13-09	05-05-09	1,973	SCHERING PLOUGH CORP	38,252 330		45,328 310	7,075 980	
09-05-08	06-03-09	325	PHILIP MORRIS INTL INC COM	17,375 740		14,333 951	(3,041 789)	
09-17-08	06-03-09	750	PHILIP MORRIS INTL INC COM	38,949 973		33,078 349	(5,871 624)	
09-05-08	06-03-09	76	JOHNSON & JOHNSON	5,371 703		4,251 163	(1,120 540)	
09-23-08	06-03-09	394	JOHNSON & JOHNSON	27,108 700		22,038 923	(5,069 777)	
10-16-08	06-03-09	265	JOHNSON & JOHNSON	16,800 281		14,823 134	(1,977 147)	
01-23-09	06-03-09	525	CEPHALON INC COM	41,003 130		30,954 930	(10,048 200)	
09-05-08	06-05-09	89	BAXTER INTERNATIONAL INCCMN	5,943 583		4,205 703	(1,737 880)	
10-08-08	06-05-09	80	BAXTER INTERNATIONAL INCCMN	4,937 060		3,780 407	(1,156 653)	
10-16-08	06-05-09	201	BAXTER INTERNATIONAL INCCMN	12,039 560		9,498 273	(2,541 287)	
12-18-08	06-05-09	8	BAXTER INTERNATIONAL INCCMN	422 930		378 041	(44 889)	

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
THE HILLCREST FOUNDATION - EQUITY BALANCED ACCOUNT
ACCOUNT #16H80163
From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Gain Or Loss	
						Proceeds	Short Term Long Term
05-19-08	06-05-09	185	BAXTER INTERNATIONAL INCCMN	11,394 150		8,742 191	(2,651 959)
04-14-08	06-05-09	225	BAXTER INTERNATIONAL INCCMN	13,475 250		10,632 395	(2,842 855)
10-24-07	06-05-09	650	BAXTER INTERNATIONAL INCCMN	38,044 302		30,715 806	(7,328 496)
03-26-08	06-05-09	103	BAXTER INTERNATIONAL INCCMN	5,971 490		4,867 274	(1,104 216)
03-09-09	07-07-09	1 007	KNIGHT CAPITAL GRP INC CL A	16,457 600		16,974 966	517 366
03-06-09	07-07-09	1,021	KNIGHT CAPITAL GRP INC CL A	16,384 800		17,210 964	826 164
03-27-09	07-07-09	3,992	VALERO ENERGY CORP-NEW	77,718 650		63,709 080	(14,009 570)
03-06-09	07-07-09	441	NETFLIX COM INCCMN	16,553 020		17,178 630	625 610
01-07-09	07-07-09	2,456	MEMC ELECTR MATLS INC COM	41,783 930		37,830 760	(3,953 170)
08-12-08	12-04-09	295	AMAZON COM INC COM	25,692 522		41,110 174	15,417 652
08-13-08	12-04-09	249	AMAZON COM INC COM	21,342 590		34,699 774	13,357 184
08-18-08	12-04-09	258	AMAZON COM INC COM	21,699 321		35,953 982	14,254 661
03-06-08	12-15-09	55	UNITED PARCEL SERVICE CL B	3,971 247		3,263 620	(707 627)
12-18-08	12-15-09	15	US BANCORP	368 250		337 249	(31 001)
05-19-08	12-15-09	147	US BANCORP	5,011 831		3,305 041	(1,706 790)
10-21-08	12-15-09	83	UNITED TECHNOLOGIES CORP	4,253 808		5,805 700	1,551 892
05-19-08	12-15-09	97	VISA INC	8,089 800		8,310 743	220 943
09-05-08	12-15-09	73	VISA INC	5,163 634		6,254 477	1,090 843
12-18-08	12-15-09	22	WELLS FARGO & CO NEW	655 970		566 265	(89 705)

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Gain Or Loss

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
THE HILLCREST FOUNDATION - EQUITY BALANCED ACCOUNT
ACCOUNT #16H80163
From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Short Term	Long Term
04-14-08	12-15-09	69	DIAGEO PLC SPON ADR (NEW)	5,800 830		4,728 450		(1,072 380)
12-18-08	12-15-09	6	FLUOR CORP NEW COM	288 590		259 373	(29 217)	
05-19-08	12-15-09	37	FLUOR CORP NEW COM	3,598 990		1,599 467		(1,999 523)
04-14-08	12-15-09	52	FLUOR CORP NEW COM	3,854 500		2,247 900		(1,606 600)
12-18-08	12-15-09	9	GENZYME CORPORATION	602 800		442 338	(160 462)	
08-13-08	12-15-09	91	GENZYME CORPORATION	7,324 336		4,472 532		(2,851 804)
01-22-09	12-15-09	77	GILEAD SCIENCES INC	3,742 962		3,466 450	(276 512)	
02-03-09	12-15-09	15	GOOGLE INC CL A	5,118 483		8,906 770	3,788 287	
01-22-09	12-15-09	159	HOME DEPOT INC	3,470 986		4,612 470	1,141 484	
10-24-08	12-15-09	101	HJ HEINZ CO	4,002 721		4,367 130		364 409
10-24-08	12-15-09	160	HEWLETT-PACKARD CO CMN	5,154 672		8,167 790		3,013 118
10-12-07	12-15-09	72	INTL BUSINESS MACHINES CORP	8,500 391		9,238 800		738 409
09-20-07	12-15-09	72	INTEL CORP	1,870 560		1,425 563	(444 997)	
01-10-07	12-15-09	197	INTEL CORP	4,235 462		3,900 497	(334 965)	
12-13-07	12-15-09	98	JOHNSON & JOHNSON	6,632 415		6,329 660	(302 755)	
10-02-08	12-15-09	336	JP MORGAN CHASE & CO	16,437 624		13,731 970	(2,705 654)	
09-20-07	12-15-09	45	COCA COLA CMN	2,540 250		2,654 928	114 678	
10-08-08	12-15-09	24	COCA COLA CMN	1,141 192		1,415 962	274 770	
10-03-08	12-15-09	301	LOWE'S COMPANIES INC	6,752 122		7,190 700	438 578	
10-02-08	12-15-09	157	MCDONALDS CORP COM	9,719 885		9,732 180		12 295
07-09-09	12-15-09	55	MEDCO HEALTH SOLUTIONS INC	2,631 205		3,573 260	942 055	
03-12-09	12-15-09	66	MONSANTO CO NEW DEL COM	5,250 722		5,448 820	198 098	
07-08-09	12-15-09	259	MORGAN STANLEY	6,558 604		7,676 560	1,117 956	
06-27-07	12-15-09	141	MICROSOFT CORP	4,192 352		4,234 120		41 768
01-22-09	12-15-09	118	NORTHERN TR CORP COM	6,443 603		5,707 510	(736 093)	

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost		Amort. or Accretion	Proceeds	Gain Or Loss	
				Basis				Short Term	Long Term
10-02-08	12-15-09	92	NOVARTIS AG-ADR	4,791 608			4,941 190		149 582
11-07-07	12-15-09	48	ORACLE CORP	1,077 091			1,117 891		40 800
09-20-07	12-15-09	3	ORACLE CORP	63 300			69 868		6 568
03-26-08	12-15-09	145	ORACLE CORP	3,006 387			3,376 962		370 575
09-05-08	12-15-09	133	ORACLE CORP	2,697 240			3,097 489		400 249
08-14-08	12-15-09	158	OCCIDENTAL PETE CORP	12,108 330			12,407 420		299 090
03-26-08	12-15-09	19	PEPSICO INC	1,360 709			1,157 070		(203 639)
04-14-08	12-15-09	82	PEPSICO INC	5,823 640			4,993 670		(829 970)
05-19-08	12-15-09	68	PHILIP MORRIS INTL INC COM	3,659 760			3,406 032		(253 728)
09-17-08	12-15-09	141	PHILIP MORRIS INTL INC COM	7,322 595			7,062 508		(260 087)
05-19-08	12-15-09	56	SCHLUMBERGER LTD ADR	5,989 200			3,487 592		(2,501 608)
08-13-07	12-15-09	1	SCHLUMBERGER LTD ADR	91 380			62 278		(29 102)
06-05-09	12-15-09	143	TEVA PHARMACEUTICAL INDS ADR	6,877 944			7,613 120	735 176	
TOTAL GAINS								35,096 838	66,543 581
TOTAL LOSSES								(436,829 073)	(163,499 020)
TOTAL REALIZED GAIN/LOSS			(498,687 674)	2,098,174,794		0.000	1,599,487,120	(401,732.235)	(96,955.439)

Avalon Advisors, LLC

REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
11-18-08	01-07-09	50,000	UNITED STATES TREAS NTS	55,185 550	(92 004)	58,566 410	3,472 864	
10-02-08	01-07-09	20,000	4 500% Due 11-15-15 UNITED STATES TREAS NTS	20,425 000	(21 212)	21,448 440	1,044 652	
12-12-08	01-08-09	235,000	3 125% Due 09-30-13 UNITED STATES TREAS NTS	236,909 375	(71 238)	237,157 220	319 083	
05-27-05	01-09-09	20,000	1 250% Due 11-30-10 PENNCREST SCH DIST PA	19,937 800	43 586	20,000 000	18 614	
08-25-03	01-15-09	8	4 250% Due 06-01-10 FHLMC PC GUAR ADJ 30YR	8 341	0 000	7 780	(0 561)	
08-18-03	01-15-09	174	4 548% Due 12-01-32 FHLMC PC GOLD GUAR 20	173 920	0 000	173 920	0 000	
12-15-06	01-16-09	127	5 500% Due 07-01-23 GNMA REMIC TRUST 2002-26	128 753	0 000	127 380	(1 373)	
10-02-07	01-16-09	121	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	117 242	0 000	120 907	3 665	
07-30-08	01-16-09	15	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15 032	0 000	15 113	0 081	
05-05-06	01-16-09	179	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	167 316	0 000	179 030	11 714	
08-13-08	01-26-09	1,011	2 212% Due 10-16-17 FNMA PASS-THRU INT 15 YEAR	1,011 654	0 000	1,011 180	(0 474)	
04-26-05	01-28-09	130	5 500% Due 12-01-22 FEDERAL HOME LN BKS 4 910% Due 04-28-15	129 959	0 000	129 640	(0 319)	

Avalon Advisors, LLC

REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
12-12-08	02-05-09	20,000	UNITED STATES TREAS NTS	20,162,500	(12,354)	20,135,156	(14,990)	
08-25-03	02-17-09	2	1.250% Due 11-30-10 FHLMC PC GUAR ADJ 30YR	2,198	0,000	2,050		(0,148)
08-18-03	02-17-09	174	4.548% Due 12-01-32 FHLMC PC GOLD GUAR 20	173,760	0,000	173,760		0,000
12-15-06	02-17-09	128	5.500% Due 07-01-23 GNMA REMIC TRUST 2002-26	129,461	0,000	128,080		(1,381)
10-02-07	02-17-09	121	5.996% Due 02-16-24 GNMA REMIC TRUST 2007-52	117,793	0,000	121,476		3,683
07-30-08	02-17-09	15	4.054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15,102	0,000	15,184	0,082	
05-05-06	02-17-09	180	4.054% Due 06-16-27 GNMA REMIC TRUST 2003-49	168,101	0,000	179,870		11,769
08-13-08	02-25-09	1,436	2.212% Due 10-16-17 FNMA PASS-THRU INT 15 YEAR	1,436,403	0,000	1,435,730	(0,673)	
04-26-05	03-02-09	219	5.500% Due 12-01-22 FEDERAL HOME LN BKS 4.910% Due 04-28-15	219,068	0,000	218,530		(0,538)
08-25-03	03-16-09	2	4.548% Due 12-01-32 FHLMC PC GUAR ADJ 30YR	2,005	0,000	1,870		(0,135)
08-18-03	03-16-09	174	4.548% Due 12-01-32 FHLMC PC GOLD GUAR 20	174,190	0,000	174,190		0,000
			5.500% Due 07-01-23					

Avalon Advisors, LLC

REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Gain Or Loss	
						Proceeds	Short Term Long Term
12-15-06	03-16-09	129	GNMA REMIC TRUST 2002-26	130 168	0 000	128 780	(1 388)
10-02-07	03-16-09	122	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	118 345	0 000	122 044	3 699
07-30-08	03-16-09	15	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15 173	0 000	15 256	0 083
05-05-06	03-16-09	181	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	168 877	0 000	180 700	11 823
12-12-08	03-23-09	50,000	2 212% Due 10-16-17 UNITED STATES TREAS NTS	50,406 250	(56 746)	50,318 360	(31 144)
10-22-08	03-24-09	50,000	1 250% Due 11-30-10 FORT WORTH TEX INDPT SCH DIST G O SCH B	52,616 000	(375 763)	54,586 000	2,345 763
08-13-08	03-25-09	2,052	5 000% Due 02-15-17 FNMA PASS-THRU INT 15 YEAR	2,053 422	0 000	2,052 460	(0 962)
04-26-05	03-30-09	314	5 500% Due 12-01-22 FEDERAL HOME LN BKS 4 910% Due 04-28-15	315 073	0 000	314 300	(0 773)
12-12-08	04-03-09	15,000	UNITED STATES TREAS NTS	15,121 875	(18 880)	15,096 680	(6 315)
12-12-08	04-07-09	75,000	1 250% Due 11-30-10 UNITED STATES TREAS NTS	75,609 375	(97 777)	75,492 188	(19 410)
08-25-03	04-15-09	2	1 250% Due 11-30-10 FHLMPG GUAR ADJ 30YR	2 048	0 000	1 910	(0 138)
		4	548% Due 12-01-32				

Avalon Advisors, LLC

Gain Or Loss

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
 THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT
 ACCOUNT #16H80164
 From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
08-13-08	05-26-09	835	FNMA PASS-THRU INT 15 YEAR	835 892	0 000	835 500	(0 392)	
08-25-03	06-15-09	2	5 500% Due 12-01-22 FHLMC PC GUAR ADJ 30YR	2 326	0 000	2 170		(0 156)
08-18-03	06-15-09	157	4 548% Due 12-01-32 FHLMC PC GOLD GUAR 20	157 130	0 000	157 130		0 000
12-15-06	06-16-09	129	5 500% Due 07-01-23 GNMA REMIC TRUST 2002-26	129 966	0 000	128 580		(1 386)
10-02-07	06-16-09	124	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	120 017	0 000	123 769		3 752
07-30-08	06-16-09	15	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15 388	0 000	15 471	0 083	
05-05-06	06-16-09	183	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	171 241	0 000	183 230		11 989
03-23-09	06-25-09	510	2 212% Due 10-16-17 FNMA REMIC TRUST 2003-80	532 041	0 000	509 740	(22 301)	
04-02-09	06-25-09	180	5 000% Due 04-25-16 FNR 2008-54	188 330	0 000	180 220	(8 110)	
08-13-08	06-25-09	2,059	5 000% Due 07-25-19 FNMA PASS-THRU INT 15 YEAR	2,060 115	0 000	2,059 150	(0 965)	
10-20-06	07-01-09	40,000	5 500% Due 12-01-22 LOUISIANA PUB FACS AUTH REV	40,026 000	(26 000)	40,000 000		0 000
			5 350% Due 07-01-09					

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Avalon Advisors, LLC

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
04-23-09	07-09-09	70,000	LELAND STANFORD JUNIOR UNIV 1 750% Due 05-01-14	70,558 628	(22 574)	71,204 700	668 646	
08-25-03	07-15-09	2	FHLMC PC GUAR ADJ 30YR	2 530	0 000	2 360		(0 170)
08-18-03	07-15-09	2,126	FHLMC PC GOLD GUAR 20	2,126 300	0 000	2,126 300		0 000
12-15-06	07-16-09	129	5 500% Due 07-01-23 GNMA REMIC TRUST 2002-26	130 684	0 000	129 290		(1 394)
10-02-07	07-16-09	124	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	120 586	0 000	124 356		3 770
07-30-08	07-16-09	16	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15 461	0 000	15 544	0 083	
05-05-06	07-16-09	184	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	172 036	0 000	184 080		12 044
06-18-08	07-17-09	40,000	2 212% Due 10-16-17 UNITED STATES TREAS NTS	41,696 875	(640 596)	42,618 750		1,562 471
04-15-08	07-17-09	80,000	4 750% Due 03-31-11 UNITED STATES TREAS NTS	86,631 252	(2,609 387)	85,778 120		1,756 255
03-23-09	07-27-09	512	4 875% Due 05-31-11 FNMA REMIC TRUST 2003-80	534 254	0 000	511 860	(22 394)	
04-02-09	07-27-09	181	5 000% Due 04-25-16 FNR 2008-54 5 000% Due 07-25-19	189 114	0 000	180 970	(8 144)	

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REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
08-13-08	07-27-09	3,167	FNMA PASS-THRU INT 15 YEAR	3,168 785	0 000	3,167 300	(1 485)	
11-19-08	08-13-09	85,000	5 500% Due 12-01-22 BERKELEY CNTY S C WTR & SWR RE REV BDS 5 000% Due 06-01-28	94,219 100	(1,419 109)	96,008 350	3,208 359	
08-25-03	08-17-09	48	FHLMC PC GUAR ADJ 30YR	51 620	0 000	48 150	(3 470)	
08-18-03	08-17-09	147	4 548% Due 12-01-32 FHLMC PC GOLD GUAR 20	146 980	0 000	146 980	0 000	
07-08-09	08-17-09	557	5 500% Due 07-01-23 FHLMC REMIC SERIES 2777	583 640	0 000	556 510	(27 130)	
12-15-06	08-17-09	130	5 000% Due 04-15-15 GNMA REMIC TRUST 2002-26	131 402	0 000	130 000	(1 402)	
10-02-07	08-17-09	274	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	265 755	0 000	274 062	8 307	
07-30-08	08-17-09	34	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	34 073	0 000	34 258	0 185	
05-05-06	08-17-09	185	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	172 839	0 000	184 940	12 101	
08-15-07	08-19-09	100,000	2 212% Due 10-16-17 SCHENECTADY N Y METROPLEX DEV AUTH 5 330% Due 08-01-15	97,845 000	457 621	104,160 000	5,857 379	
03-23-09	08-25-09	251	FNMA REMIC TRUST 2003-80 5 000% Due 04-25-16	261 554	0 000	250 591	(10 963)	

THIS REPORT IS PROVIDED TO ASSIST YOU IN YOUR MANAGEMENT OF YOUR PORTFOLIO. THIS REPORT CONTAINS INFORMATION PROVIDED BY YOU AND THIRD PARTIES WHICH MAY NOT BE COMPLETE OR ACCURATE. THIS DOCUMENT HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A RECOMMENDATION. YOU SHOULD CONSULT WITH YOUR FINANCIAL ADVISOR TO DETERMINE IF THIS DOCUMENT IS APPROPRIATE FOR YOUR INVESTMENT OBJECTIVES. THE INFORMATION CONTAINED IN THIS REPORT DOES NOT CONSTITUTE AN OFFER OF INVESTMENT. YOU SHOULD CONSULT WITH YOUR FINANCIAL ADVISOR TO DETERMINE IF THIS INFORMATION IS APPROPRIATE FOR YOUR INVESTMENT OBJECTIVES. THE INFORMATION CONTAINED IN THIS REPORT DOES NOT CONSTITUTE AN OFFER OF INVESTMENT. YOU SHOULD CONSULT WITH YOUR FINANCIAL ADVISOR TO DETERMINE IF THIS INFORMATION IS APPROPRIATE FOR YOUR INVESTMENT OBJECTIVES.

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT
ACCOUNT #16H80164
From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
08-19-09	08-25-09	263	FNMA REMIC TRUST 2003-80 5 000% Due 04-25-16	278 059	0 000	263 409	(14 650)	
04-02-09	08-25-09	84	FNR 2008-54 5 000% Due 07-25-19	87 956	0 000	84 168	(3 788)	
08-03-09	08-25-09	98	FNR 2008-54 5 000% Due 07-25-19	101 820	0 000	97 552	(4 268)	
08-13-08	08-25-09	2,824	FNMA PASS-THRU INT 15 YEAR 5 500% Due 12-01-22	2,825 244	0 000	2,823 920	(1 324)	
08-25-03	09-15-09	44	FHLMC PC GUAR ADJ 30YR	47 310	0 000	44 130	(3 180)	
08-18-03	09-15-09	148	FHLMC PC GOLD GUAR 20	147 700	0 000	147 700	0 000	
07-08-09	09-15-09	559	FHLMC REMIC SERIES 2777 5 500% Due 07-01-23	586 063	0 000	558 820	(27 243)	
12-15-06	09-16-09	131	GNMA REMIC TRUST 2002-26 5 996% Due 02-16-24	132 129	0 000	130 720	(1 409)	
10-02-07	09-16-09	1,103	GNMA REMIC TRUST 2007-52 4 054% Due 06-16-27	1,069 354	0 000	1,102 782	33 428	
07-30-08	09-16-09	138	GNMA REMIC TRUST 2007-52 4 054% Due 06-16-27	137 104	0 000	137 848	0 744	
05-05-06	09-16-09	186	GNMA REMIC TRUST 2003-49 2 212% Due 10-16-17	173 643	0 000	185 800	12 157	
03-23-09	09-25-09	519	FNMA REMIC TRUST 2003-80 5 000% Due 04-25-16	541 703	0 000	518 997	(22 706)	

REALIZED GAINS AND LOSSES

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Gain Or Loss		
						Proceeds	Short Term	Long Term
08-19-09	09-25-09	546	FNMA REMIC TRUST 2003-80	575 885	0 000	545 543	(30 342)	
04-02-09	09-25-09	183	5 000% Due 04-25-16 FNR 2008-54	191 371	0 000	183 130	(8 241)	
08-03-09	09-25-09	212	5 000% Due 07-25-19 FNR 2008-54	221 536	0 000	212 250	(9 286)	
08-13-08	09-25-09	3,362	5 000% Due 07-25-19 FNMA PASS-THRU INT 15 YEAR	3,364 016	0 000	3,362 440	(1 576)	
08-25-03	10-15-09	2	5 500% Due 12-01-22 FHLMC PC GUAR ADJ 30YR	1 908	0 000	1 780	(0 128)	
08-18-03	10-15-09	1,051	4 548% Due 12-01-32 FHLMC PC GOLD GUAR 20	1,050 630	0 000	1,050 630	0 000	
07-08-09	10-15-09	561	5 500% Due 07-01-23 FHLMC REMIC SERIES 2777	588 506	0 000	561 150	(27 356)	
12-15-06	10-16-09	1,088	5 000% Due 04-15-15 GNMA REMIC TRUST 2002-26	1,099 437	0 000	1,087 710	(11 727)	
10-02-07	10-16-09	5,393	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	5,229 892	0 000	5,393 378	163 486	
07-30-08	10-16-09	674	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	670 532	0 000	674 172	3 640	
05-05-06	10-16-09	187	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	174 447	0 000	186 660	12 213	
10-01-09	10-21-09	189 785	2 212% Due 10-16-17 VANGUARD FXD INC SECS INTRM INVGRDAD	1,825 730		1,829 527	3 797	

Avalon Advisors, LLC
REALIZED GAINS AND LOSSES
THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT
ACCOUNT #16H80164
From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Gain Or Loss	
						Proceeds	Short Term Long Term
09-01-09	10-21-09	197 460	VANGUARD FXD INC SECS INTRM INVGRDAD	1,875 870		1,903 514	27 644
08-03-09	10-21-09	195 090	VANGUARD FXD INC SECS INTRM INVGRDAD	1,827 990		1 880 668	52 678
07-01-09	10-21-09	194 611	VANGUARD FXD INC SECS INTRM INVGRDAD	1,763 180		1,876 050	112 870
06-05-09	10-21-09	199 721	VANGUARD FXD INC SECS INTRM INVGRDAD	1,779 510		1,925 310	145 800
01-08-09	10-21-09	7,767 333	VANGUARD FXD INC SECS INTRM INVGRDAD	67,575 797		74,877 091	7,301 294
03-23-09	10-26-09	521	FNMA REMIC TRUST 2003-80 5 000% Due 04-25-16	543 957	0 000	521 156	(22 801)
08-19-09	10-26-09	548	FNMA REMIC TRUST 2003-80 5 000% Due 04-25-16	578 281	0 000	547 814	(30 467)
04-02-09	10-26-09	184	FNR 2008-54 5 000% Due 04-25-16	192 165	0 000	183 889	(8 276)
08-03-09	10-26-09	213	FNR 2008-54 5 000% Due 07-25-19	222 455	0 000	213 131	(9 324)
08-13-08	10-26-09	3,010	FNMA PASS-THRU INT 15 YEAR 5 500% Due 12-01-22	3,011 741	0 000	3,010 330	(1 411)
11-02-09	11-03-09	182 450	VANGUARD FXD INC SECS INTRM INVGRDAD	1,766 120		1,758 818	(7 302)
01-08-09	11-03-09	12,058 550	VANGUARD FXD INC SECS INTRM INVGRDAD	104,909 385		116,244 422	11,335 037
08-25-03	11-16-09	9	FHLMC PC GUAR ADJ 30YR 4 548% Due 12-01-32	9 670	0 000	9 020	(0 650)
08-18-03	11-16-09	143	FHLMC PC GOLD GUAR 20 5 500% Due 07-01-23	143 380	0 000	143 380	0 000

Avalon Advisors, LLC

REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
07-08-09	11-16-09	563	FHLMC REMIC SERIES 2777	590 960	0 000	563 490	(27 470)	
12-15-06	11-16-09	131	5 000% Due 04-15-15 GNMA REMIC TRUST 2002-26	131 917	0 000	130 510		(1 407)
10-02-07	11-16-09	122	5 996% Due 02-16-24 GNMA REMIC TRUST 2007-52	118 276	0 000	121 973		3 697
07-30-08	11-16-09	15	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15 164	0 000	15 247		0 083
05-05-06	11-16-09	1,912	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	1,786 954	0 000	1,912 060		125 106
01-08-09	11-23-09	11,457 000	2 212% Due 10-16-17 VANGUARD FXD INC SECS INTRM INVGRDAD	99,675 900		111,476 610	11,800 710	
03-23-09	11-25-09	523	FNMA REMIC TRUST 2003-80	546 226	0 000	523 331	(22 895)	
08-19-09	11-25-09	550	5 000% Due 04-25-16 FNMA REMIC TRUST 2003-80	580 694	0 000	550 099	(30 595)	
04-02-09	11-25-09	185	5 000% Due 04-25-16 FNR 2008-54	192 968	0 000	184 658	(8 310)	
08-03-09	11-25-09	214	5 000% Due 07-25-19 FNR 2008-54	223 385	0 000	214 022	(9 363)	
08-13-08	11-25-09	607	5 000% Due 07-25-19 FNMA PASS-THRU INT 15 YEAR	606 814	0 000	606 530		(0 284)
03-03-08	12-14-09	100,000	5 500% Due 12-01-22 NEW BRAUNFELS TEX CTFB OBLI	109,085 000	(2,249 789)	117,396 000		10,560 789
			5 250% Due 10-01-22					

Avalon Advisors, LLC

REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
08-25-03	12-15-09	2	FHLMC PC GUAR ADJ 30YR	1 812	0 000	1 690		(0 122)
08-18-03	12-15-09	147	4 548% Due 12-01-32 FHLMC PC GOLD GUAR 20	147 120	0 000	147 120		0 000
07-08-09	12-15-09	566	5 500% Due 07-01-23 FHLMC REMIC SERIES 2777	593 425	0 000	565 840	(27 585)	
10-02-07	12-16-09	123	5 000% Due 04-15-15 GNMA REMIC TRUST 2007-52	118 828	0 000	122 542		3 714
07-30-08	12-16-09	15	4 054% Due 06-16-27 GNMA REMIC TRUST 2007-52	15 235	0 000	15 318		0 083
05-05-06	12-16-09	186	4 054% Due 06-16-27 GNMA REMIC TRUST 2003-49	174 279	0 000	186 480		12 201
12-15-06	12-16-09	1,576	2 212% Due 10-16-17 GNMA REMIC TRUST 2002-26	1,593 416	0 000	1,576 400		(17 016)
03-23-09	12-28-09	526	5 996% Due 02-16-24 FNM REMIC TRUST 2003-80	548 501	0 000	525 510	(22 991)	
08-19-09	12-28-09	552	5 000% Due 04-25-16 FNM REMIC TRUST 2003-80	583 112	0 000	552 390	(30 722)	
04-02-09	12-28-09	185	5 000% Due 04-25-16 FNR 2008-54	193 771	0 000	185 427	(8 344)	
08-03-09	12-28-09	215	5 000% Due 07-25-19 FNR 2008-54	224 315	0 000	214 913	(9 402)	

Avalon Advisors, LLC

REALIZED GAINS AND LOSSES

THE HILLCREST FOUNDATION - FIXED INCOME BALANCED ACCOUNT

ACCOUNT #16H80164

From 01-01-09 Through 12-31-09

Open Date	Close Date	Quantity	Security	Cost Basis	Amort. or Accretion	Proceeds	Gain Or Loss	
							Short Term	Long Term
08-13-08	12-28-09	2,302	FNMA PASS-THRU INT 15 YEAR 5.500% Due 12-01-22	2,302,969	0.000	2,301,890		(1,079)
TOTAL GAINS							45,947,084	20,857,765
TOTAL LOSSES							(652,758)	(84,531)
TOTAL REALIZED GAIN/LOSS							1,753,946,364	20,773,234

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box ☒ **X**

Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

Part II	Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed)	
Type or print File by the extended due date for filing the return. See instructions	Name of Exempt Organization	Employer identification number
	THE HILLCREST FOUNDATION	31-1501699
	Number, street, and room or suite no. If a P.O. box, see instructions	For IRS use only
	P.O. BOX 132961	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	THE WOODLANDS, TX 77393	

Check type of return to be filed (File a separate application for each return).

- ☐ Form 990 ☐ Form 990-EZ ☐ Form 990-T (sec 401(a) or 408(a) trust) ☐ Form 1041-A ☐ Form 5227 ☐ Form 8870
☐ Form 990-BL ☒ Form 990-PF ☐ Form 990-T (trust other than above) ☐ Form 4720 ☐ Form 6069

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

RENEE J. KELLY

- The books are in the care of **42 THUNDER COVE PLACE THE WOODLANDS, TEXAS - 77381**
 Telephone No **281-684-2511** FAX No _____
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until **NOVEMBER 15, 2010**
- 5 For calendar year **2009**, or other tax year beginning _____, and ending _____
- 6 If this tax year is for less than 12 months, check reason. ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension

INFORMATION NEEDED FROM THIRD PARTIES HAS NOT BEEN RECEIVED, THUS, A COMPLETE AND ACCURATE RETURN CANNOT BE FILED BY 8/15/2010.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b	\$	2564.
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c	\$	0.

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature _____ Title _____ Date _____