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Form **990-PF**

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

OMB No 1545-0052

**2009**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 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 VAUGHN FOUNDATION**

Number and street (or P O box number if mail is not delivered to street address)

**C/O JPMORGAN SRVCS. INC PO BOX 6089**

Room/suite

City or town, state, and ZIP code

**NEWARK DE 19714-6089**

A Employer identification number

**75-6008953**

B Telephone number (see page 10 of the instructions)

**302-634-2931**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) **\$ 7,714,032**J Accounting method ☒ Cash ☐ Accrual☐ Other (specify)

(Part I, column (d) must be on cash basis)

**Part I Analysis of Revenue and Expenses** (Thetotal of amounts in columns (b), (c), and (d) may not necessarily equal  
the amounts in column (a) (see page 11 of the instructions))(a) Revenue and  
expenses per  
books(b) Net investment  
income(c) Adjusted net  
income(d) Disbursements  
for charitable  
purposes  
(cash basis only)

1 Contributions, gifts, grants, etc., received (attach schedule)

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

**202,620****194,321**

5a Gross rents

b Net rental income or (loss)

6a Net gain or (loss) from sale of assets not on line 10

**-381,643**

b Gross sales price for all assets on line 6a

**3,472,076**

7 Capital gain net income (from Part IV, line 2)

**0**

8 Net short-term capital gain

**0**

9 Income modifications

10a Gross sales less returns &amp; allowances

b Less Cost of goods sold

c Gross profit or (loss) (attach schedule)

11 Other income (attach schedule)

12 Total. Add lines 1 through 11

**-179,023****194,321****0**

13 Compensation of officers, directors, trustees, etc.

**29,595****23,676****5,919**

14 Other employee salaries and wages

15 Pension plans, employee benefits

16a Legal fees (attach schedule)

b Accounting fees (attach schedule)

c Other professional fees (attach schedule)

17 Interest

18 Taxes (attach schedule) (see page 14 of the instructions) **STMT 1****1,635****535**

19 Depreciation (attach schedule) and depletion

20 Occupancy

21 Travel, conferences, and meetings

22 Printing and publications

23 Other expenses (attach schedule)

24 Total operating and administrative expenses.

Add lines 13 through 23

**31,230****24,211****5,919**

25 Contributions, gifts, grants paid

**327,000****327,000**

26 Total expenses and disbursements. Add lines 24 and 25

**358,230****24,211****0****332,919**

27 Subtract line 26 from line 12

a Excess of revenue over expenses and disbursements

**-537,253**

b Net investment income (if negative, enter -0-)

**170,110**

c Adjusted net income (if negative, enter -0-)

**0**

For Privacy Act and Paperwork Reduction Act Notice, see page 30 of the instructions.

Form **990-PF** (2009)

DAA

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| Part II Balance Sheets      |     | Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)                     | Beginning of year | End of year    |                       |
|-----------------------------|-----|--|-------------------|----------------|-----------------------|
|                             |     |  | (a) Book Value    | (b) Book Value | (c) Fair Market Value |
| Assets                      | 1   | Cash—non-interest-bearing  | 728,801           | 555,574        | 555,574               |
|                             | 2   | Savings and temporary cash investments   |                   |                |                       |
|                             | 3   | Accounts receivable ▶ 11,649   |                   |                |                       |
|                             |     | Less: allowance for doubtful accounts ▶  | 18,268            | 11,649         | 11,649                |
|                             | 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 page 16 of 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) SEE STMT 2   | 4,532,254         | 4,296,062      | 4,272,346             |
|                             | c   | Investments—corporate bonds (attach schedule) SEE STMT 3   | 2,898,008         | 2,777,019      | 2,874,463             |
| Liabilities                 | 11  | Investments—land, buildings, and equipment basis ▶   |                   |                |                       |
|                             |     | Less: accumulated depreciation (attach sch) ▶  |                   |                |                       |
|                             | 12  | Investments—mortgage loans   |                   |                |                       |
|                             | 13  | Investments—other (attach schedule) SEE STATEMENT 4  | 1                 | 1              |                       |
|                             | 14  | Land, buildings, and equipment basis ▶   |                   |                |                       |
|                             |     | Less: accumulated depreciation (attach sch) ▶  |                   |                |                       |
|                             | 15  | Other assets (describe ▶ )   |                   |                |                       |
|                             | 16  | Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)  | 8,177,332         | 7,640,305      | 7,714,032             |
|                             | 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 (attach schedule)  |                   |                |                       |
|                             | 22  | Other liabilities (describe ▶ )  |                   |                |                       |
|                             | 23  | Total liabilities (add lines 17 through 22)  | 0                 | 0              |                       |
|                             |     | Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>  |                   |                |                       |
|                             | 24  | Unrestricted   |                   |                |                       |
|                             | 25  | Temporarily restricted   |                   |                |                       |
|                             | 26  | Permanently restricted   |                   |                |                       |
|                             |     | Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>  |                   |                |                       |
|                             | 27  | Capital stock, trust principal, or current funds   | 8,177,332         | 7,640,305      |                       |
|                             | 28  | Paid-in or capital surplus, or land, bldg., and equipment fund   |                   |                |                       |
|                             | 29  | Retained earnings, accumulated income, endowment, or other funds   |                   |                |                       |
|                             | 30  | Total net assets or fund balances (see page 17 of the instructions)  | 8,177,332         | 7,640,305      |                       |
|                             | 31  | Total liabilities and net assets/fund balances (see page 17 of the instructions)   | 8,177,332         | 7,640,305      |                       |

**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 | 8,177,332 |
| 2 | Enter amount from Part I, line 27a   | 2 | -537,253  |
| 3 | Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 5   | 3 | 632       |
| 4 | Add lines 1, 2, and 3  | 4 | 7,640,711 |
| 5 | Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 6   | 5 | 406       |
| 6 | Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30  | 6 | 7,640,305 |

**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<br>P—Purchase<br>D—Donation | (c) Date acquired<br>(mo., day, yr.) | (d) Date sold<br>(mo., day, yr.) |
|---|----------------------------------|--|--------------------------------------|----------------------------------|
| <b>1a</b>   | <b>SEE ATTACHED - SHORT TERM</b> | <b>P</b>                                     | <b>VARIOUS</b>                       | <b>VARIOUS</b>                   |
| <b>b</b>  | <b>SEE ATTACHED - LONG TERM</b>  | <b>P</b>                                     | <b>VARIOUS</b>                       | <b>VARIOUS</b>                   |
| <b>c</b>  | <b>LTCG DIVIDENDS</b>            |  |                                      |                                  |
| <b>d</b>  |                                  |  |                                      |                                  |
| <b>e</b>  |                                  |  |                                      |                                  |

| (e) Gross sales price | (f) Depreciation allowed<br>(or allowable) | (g) Cost or other basis<br>plus expense of sale | (h) Gain or (loss)<br>(e) plus (f) minus (g) |
|-----------------------|--|---|--|
| <b>a</b> 1,600,994    |  | 1,722,470                                       | -121,476                                     |
| <b>b</b> 1,870,908    |  | 2,131,249                                       | -260,341                                     |
| <b>c</b> 174          |  |   | 174  |
| <b>d</b>              |  |   |  |
| <b>e</b>              |  |   |  |

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

| (i) FMV as of 12/31/69 | (j) Adjusted basis<br>as of 12/31/69 | (k) Excess of col (i)<br>over col (j), if any | (l) Gains (Col (h) gain minus<br>col (k), but not less than -0-) or<br>Losses (from col (h)) |
|------------------------|--------------------------------------|---|--|
| <b>a</b>               |                                      |   | -121,476   |
| <b>b</b>               |                                      |   | -260,341   |
| <b>c</b>               |                                      |   | 174  |
| <b>d</b>               |                                      |   |  |
| <b>e</b>               |                                      |   |  |

|   |   |          |          |
|---|---|----------|----------|
| <b>2</b> Capital gain net income or (net capital loss)  | <div style="border: 1px solid black; padding: 2px;">           If gain, also enter in Part I, line 7<br/>           If (loss), enter -0- in Part I, line 7         </div> | <b>2</b> | -381,643 |
| <b>3</b> Net short-term capital gain or (loss) as defined in sections 1222(5) and (6):<br>If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions)<br>If (loss), enter -0- in Part I, line 8 |   | <b>3</b> |          |

**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 page 18 of the instructions before making any entries

| (a)<br>Base period years<br>Calendar year (or tax year beginning in) | (b)<br>Adjusted qualifying distributions | (c)<br>Net value of noncharitable-use assets | (d)<br>Distribution ratio<br>(col (b) divided by col (c)) |
|--|--|--|---|
| 2008   | 412,084                                  | 8,198,395                                    | 0.050264  |
| 2007   | 339,671                                  | 9,392,319                                    | 0.036165  |
| 2006   | 240,163                                  | 8,631,550                                    | 0.027824  |
| 2005   | 736,302                                  | 8,304,873                                    | 0.088659  |
| 2004   | 488,560                                  | 8,556,131                                    | 0.057101  |

|  |          |           |
|--|----------|-----------|
| <b>2</b> Total of line 1, column (d)   | <b>2</b> | 0.260013  |
| <b>3</b> Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years  | <b>3</b> | 0.052003  |
| <b>4</b> Enter the net value of noncharitable-use assets for 2009 from Part X, line 5  | <b>4</b> | 7,106,056 |
| <b>5</b> Multiply line 4 by line 3   | <b>5</b> | 369,536   |
| <b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)  | <b>6</b> | 1,701     |
| <b>7</b> Add lines 5 and 6   | <b>7</b> | 371,237   |
| <b>8</b> Enter qualifying distributions from Part XII, line 4<br>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 on page 18. | <b>8</b> | 332,919   |

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)**

|           |  |           |              |
|-----------|--|-----------|--------------|
| <b>1a</b> | Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1<br>Date of ruling or determination letter: (attach copy of letter if necessary—see instructions) |           |              |
| <b>b</b>  | Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b  | <b>1</b>  | <b>3,402</b> |
| <b>c</b>  | All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)   |           |              |
| <b>2</b>  | Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)  | <b>2</b>  | <b>0</b>     |
| <b>3</b>  | Add lines 1 and 2  | <b>3</b>  | <b>3,402</b> |
| <b>4</b>  | Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)  | <b>4</b>  | <b>0</b>     |
| <b>5</b>  | <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-   | <b>5</b>  | <b>3,402</b> |
| <b>6</b>  | Credits/Payments:  |           |              |
| <b>a</b>  | 2009 estimated tax payments and 2008 overpayment credited to 2009  | <b>6a</b> | <b>3,300</b> |
| <b>b</b>  | Exempt foreign organizations—tax withheld at source  | <b>6b</b> |              |
| <b>c</b>  | Tax paid with application for extension of time to file (Form 8868)  | <b>6c</b> |              |
| <b>d</b>  | Backup withholding erroneously withheld  | <b>6d</b> |              |
| <b>7</b>  | Total credits and payments. Add lines 6a through 6d  | <b>7</b>  | <b>3,300</b> |
| <b>8</b>  | Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached   | <b>8</b>  |              |
| <b>9</b>  | <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>  | <b>9</b>  | <b>102</b>   |
| <b>10</b> | <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>  | <b>10</b> |              |
| <b>11</b> | Enter the amount of line 10 to be <b>Credited to 2010 estimated tax</b> <input type="checkbox"/> <b>Refunded</b> <input type="checkbox"/>  | <b>11</b> |              |

**Part VII-A Statements Regarding Activities**

|   | Yes       | No       |
|---|-----------|----------|
| <b>1a</b> 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?  |           | <b>X</b> |
| <b>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?<br>If the answer is "Yes" to <b>1a</b> or <b>1b</b> , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities |           | <b>X</b> |
| <b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year?  |           | <b>X</b> |
| <b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year<br>(1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____  |           |          |
| <b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____   |           |          |
| <b>2</b> Has the foundation engaged in any activities that have not previously been reported to the IRS?<br>If "Yes," attach a detailed description of the activities   | <b>2</b>  | <b>X</b> |
| <b>3</b> 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   | <b>3</b>  | <b>X</b> |
| <b>4a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year?   | <b>4a</b> | <b>X</b> |
| <b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year?  | <b>4b</b> |          |
| <b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year?<br>If "Yes," attach the statement required by General Instruction T   | <b>5</b>  | <b>X</b> |
| <b>6</b> Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either:<br>• By language in the governing instrument, or<br>• 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?                                   | <b>6</b>  | <b>X</b> |
| <b>7</b> 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   | <b>7</b>  | <b>X</b> |
| <b>8a</b> Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> <b>TX</b>  |           |          |
| <b>b</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  | <b>8b</b> | <b>X</b> |
| <b>9</b> 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 on page 27)? If "Yes," complete Part XIV  | <b>9</b>  | <b>X</b> |
| <b>10</b> Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses  | <b>10</b> | <b>X</b> |

**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 page 20 of the 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?<br>Website address ► N/A   | 13   | X |   |
| 14 | The books are in care of ► JPMORGAN CHASE BANK, N.A.<br>P.O. BOX 6089<br>Located at ► NEWARK, DE   | Telephone no. ► 302-634-2931<br>ZIP+4 ► 19714-6089 |   |   |
| 15 | Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here<br>and enter the amount of tax-exempt interest received or accrued during the year                   | ► 15   |   |   |

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

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

|     |  | 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?   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| (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 |
| (3) | Furnish goods, services, or facilities to (or accept them from) a disqualified person?   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| (4) | Pay compensation to, or pay or reimburse the expenses of, a disqualified person?   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> 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)?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> 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.)  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> 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)?<br>Organizations relying on a current notice regarding disaster assistance check here  | ► <input type="checkbox"/>              |  |
| 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?  | N/A                                     |  |
| 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?<br>If "Yes," list the years ► 20 , 20 , 20 , 20  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| 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 page 20 of the instructions)  | N/A                                     |  |
| c   | If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here<br>► 20 , 20 , 20 , 20   |   |  |
| 3a  | Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?   | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> 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                                     |  |
| 4a  | Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?  |   | 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?  |   | X                                      |

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**

**5a** During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

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

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

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No

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

**b** If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? **N/A** ☐ **5b**

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

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

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

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

**b** Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** ☒

If "Yes" to 6b, file Form 8870

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

**b** If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **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 (see page 22 of 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 |
|---|---|---|---|---------------------------------------|
| JP MORGAN CHASE BANK, N.A.<br>C/O JPMORGAN SRVCS. INC | NEWARK<br>DE 19714  | TRUSTEE<br>5.00                           | 29,595  | 0                                     |
|   |   |   |   |                                       |
|   |   |   |   |                                       |
|   |   |   |   |                                       |

**2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of 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**

**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 page 23 of 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 |
|--------------|----------|
| <b>1</b> N/A |          |
| <b>2</b>     |          |
| <b>3</b>     |          |
| <b>4</b>     |          |

**Part IX-B Summary of Program-Related Investments (see page 24 of the instructions)**

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

|  | Amount |
|--|--------|
| <b>1</b> N/A   |        |
| <b>2</b>   |        |
| All other program-related investments. See page 24 of the instructions |        |
| <b>3</b>   |        |

**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.)

|          |  |           |                  |
|----------|--|-----------|------------------|
| <b>1</b> | Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes             |           |                  |
| <b>a</b> | Average monthly fair market value of securities  | <b>1a</b> | <b>6,565,045</b> |
| <b>b</b> | Average of monthly cash balances   | <b>1b</b> | <b>649,225</b>   |
| <b>c</b> | Fair market value of all other assets (see page 24 of the instructions)  | <b>1c</b> | <b>0</b>         |
| <b>d</b> | <b>Total</b> (add lines 1a, b, and c)  | <b>1d</b> | <b>7,214,270</b> |
| <b>e</b> | Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)              | <b>1e</b> | <b>0</b>         |
| <b>2</b> | Acquisition indebtedness applicable to line 1 assets   | <b>2</b>  | <b>0</b>         |
| <b>3</b> | Subtract line 2 from line 1d   | <b>3</b>  | <b>7,214,270</b> |
| <b>4</b> | Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions) | <b>4</b>  | <b>108,214</b>   |
| <b>5</b> | <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4            | <b>5</b>  | <b>7,106,056</b> |
| <b>6</b> | <b>Minimum investment return.</b> Enter 5% of line 5   | <b>6</b>  | <b>355,303</b>   |

**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.)

|           |   |           |                |
|-----------|---|-----------|----------------|
| <b>1</b>  | Minimum investment return from Part X, line 6   | <b>1</b>  | <b>355,303</b> |
| <b>2a</b> | Tax on investment income for 2009 from Part VI, line 5  | <b>2a</b> | <b>3,402</b>   |
| <b>b</b>  | Income tax for 2009. (This does not include the tax from Part VI.)  | <b>2b</b> |                |
| <b>c</b>  | Add lines 2a and 2b   | <b>2c</b> | <b>3,402</b>   |
| <b>3</b>  | Distributable amount before adjustments. Subtract line 2c from line 1                                     | <b>3</b>  | <b>351,901</b> |
| <b>4</b>  | Recoveries of amounts treated as qualifying distributions   | <b>4</b>  |                |
| <b>5</b>  | Add lines 3 and 4   | <b>5</b>  | <b>351,901</b> |
| <b>6</b>  | Deduction from distributable amount (see page 25 of the instructions)                                     | <b>6</b>  |                |
| <b>7</b>  | <b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1 | <b>7</b>  | <b>351,901</b> |

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

|          |   |           |                |
|----------|---|-----------|----------------|
| <b>1</b> | Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes.  |           |                |
| <b>a</b> | Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26   | <b>1a</b> | <b>332,919</b> |
| <b>b</b> | Program-related investments—total from Part IX-B  | <b>1b</b> |                |
| <b>2</b> | Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes   | <b>2</b>  |                |
| <b>3</b> | Amounts set aside for specific charitable projects that satisfy the   |           |                |
| <b>a</b> | Suitability test (prior IRS approval required)  | <b>3a</b> |                |
| <b>b</b> | Cash distribution test (attach the required schedule)   | <b>3b</b> |                |
| <b>4</b> | <b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4   | <b>4</b>  | <b>332,919</b> |
| <b>5</b> | 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) | <b>5</b>  | <b>0</b>       |
| <b>6</b> | <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4   | <b>6</b>  | <b>332,919</b> |

**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)<br>Corpus | (b)<br>Years prior to 2008 | (c)<br>2008 | (d)<br>2009    |
|---|---------------|----------------------------|-------------|----------------|
| <b>1</b> Distributable amount for 2009 from Part XI, line 7   |               |                            |             | <b>351,901</b> |
| <b>2</b> Undistributed income, if any, as of the end of 2009  |               |                            |             |                |
| <b>a</b> Enter amount for 2008 only   |               |                            |             |                |
| <b>b</b> Total for prior years 20____, 20____, 20____   |               |                            |             |                |
| <b>3</b> Excess distributions carryover, if any, to 2009.   |               |                            |             |                |
| <b>a</b> From 2004  |               |                            |             |                |
| <b>b</b> From 2005  |               |                            |             | <b>35,104</b>  |
| <b>c</b> From 2006  |               |                            |             |                |
| <b>d</b> From 2007  |               |                            |             |                |
| <b>e</b> From 2008  |               |                            |             | <b>6,546</b>   |
| <b>f</b> Total of lines 3a through e  | <b>41,650</b> |                            |             |                |
| <b>4</b> Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ <b>332,919</b>  |               |                            |             |                |
| <b>a</b> Applied to 2008, but not more than line 2a   |               |                            |             |                |
| <b>b</b> Applied to undistributed income of prior years (Election required—see page 26 of the instructions)   |               |                            |             |                |
| <b>c</b> Treated as distributions out of corpus (Election required—see page 26 of the instructions)   |               |                            |             |                |
| <b>d</b> Applied to 2009 distributable amount   |               |                            |             | <b>332,919</b> |
| <b>e</b> Remaining amount distributed out of corpus   |               |                            |             |                |
| <b>5</b> Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a) )  | <b>18,982</b> |                            |             | <b>18,982</b>  |
| <b>6</b> Enter the net total of each column as indicated below:   |               |                            |             |                |
| <b>a</b> Corpus Add lines 3f, 4c, and 4e Subtract line 5  | <b>22,668</b> |                            |             |                |
| <b>b</b> Prior years' undistributed income Subtract line 4b from line 2b  |               |                            |             |                |
| <b>c</b> 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 |               |                            |             |                |
| <b>d</b> Subtract line 6c from line 6b. Taxable amount—see page 27 of the instructions  |               |                            |             |                |
| <b>e</b> Undistributed income for 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions   |               |                            |             |                |
| <b>f</b> Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010  |               |                            |             | <b>0</b>       |
| <b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)                   |               |                            |             |                |
| <b>8</b> Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)   |               |                            |             |                |
| <b>9</b> Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a  | <b>22,668</b> |                            |             |                |
| <b>10</b> Analysis of line 9  |               |                            |             |                |
| <b>a</b> Excess from 2005   |               |                            |             | <b>16,122</b>  |
| <b>b</b> Excess from 2006   |               |                            |             |                |
| <b>c</b> Excess from 2007   |               |                            |             |                |
| <b>d</b> Excess from 2008   |               |                            |             | <b>6,546</b>   |
| <b>e</b> Excess from 2009   |               |                            |             |                |

**Part XIV Private Operating Foundations** (see page 27 of the instructions and Part VII-A, question 9)

|           |  |  |  |  |  |
|-----------|--|--|--|--|--|
| <b>1a</b> | 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 <span style="float: right;">▶</span> |  |  |  |  |
| <b>b</b>  | Check box to indicate whether the foundation is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)                                     |  |  |  |  |
| <b>2a</b> | Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed  |  |  |  |  |
| <b>b</b>  | 85% of line 2a   |  |  |  |  |
| <b>c</b>  | Qualifying distributions from Part XII, line 4 for each year listed  |  |  |  |  |
| <b>d</b>  | Amounts included in line 2c not used directly for active conduct of exempt activities  |  |  |  |  |
| <b>e</b>  | Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c  |  |  |  |  |
| <b>3</b>  | Complete 3a, b, or c for the alternative test relied upon  |  |  |  |  |
| <b>a</b>  | "Assets" alternative test—enter  |  |  |  |  |
|           | (1) Value of all assets  |  |  |  |  |
|           | (2) Value of assets qualifying under section 4942(j)(3)(B)(i)  |  |  |  |  |
| <b>b</b>  | "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed   |  |  |  |  |
| <b>c</b>  | "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 page 28 of the instructions.)

|          |   |
|----------|---|
| <b>1</b> | <b>Information Regarding Foundation Managers:</b>   |
| <b>a</b> | 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))<br><b>N/A</b>  |
| <b>b</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.<br><b>N/A</b>  |
| <b>2</b> | <b>Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:</b>  |
|          | Check here <input type="checkbox"/> 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 page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d |
| <b>a</b> | The name, address, and telephone number of the person to whom applications should be addressed<br><b>MARC IRVIN 713-216-4515</b><br><b>JP MORGAN CHASE BANK, N.A. HOUSTON TX 77002</b>  |
| <b>b</b> | The form in which applications should be submitted and information and materials they should include<br><b>NO PRESCIBED FORM REQUIRED</b>   |
| <b>c</b> | Any submission deadlines<br><b>NONE</b>   |
| <b>d</b> | Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors<br><b>NONE</b>   |

**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)                            |   |                                |                                  |                |
| <b>a</b> Paid during the year<br><b>SEE ATTACHED STATEMENT</b> |   |                                |                                  | <b>327,000</b> |
| <b>Total</b>   |   |                                | <b>▶ 3a</b>                      | <b>327,000</b> |
| <b>b</b> Approved for future payment<br><b>N/A</b>             |   |                                |                                  |                |
| <b>Total</b>   |   |                                | <b>▶ 3b</b>                      |                |

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

Enter gross amounts unless otherwise indicated

| Enter gross amounts unless otherwise indicated |  | Unrelated business income |               | Excluded by section 512, 513, or 514 |                 | (e)<br>Related or exempt<br>function income<br>(See page 28 of<br>the instructions ) |
|--|--|---------------------------|---------------|--------------------------------------|-----------------|--|
|  |  | (a)<br>Business code      | (b)<br>Amount | (c)<br>Exclusion<br>code             | (d)<br>Amount   |  |
| <b>1</b>                                       | Program service revenue                                  |                           |               |                                      |                 |  |
| <b>a</b>                                       |  |                           |               |                                      |                 |  |
| <b>b</b>                                       |  |                           |               |                                      |                 |  |
| <b>c</b>                                       |  |                           |               |                                      |                 |  |
| <b>d</b>                                       |  |                           |               |                                      |                 |  |
| <b>e</b>                                       |  |                           |               |                                      |                 |  |
| <b>f</b>                                       |  |                           |               |                                      |                 |  |
| <b>g</b>                                       | Fees and contracts from government agencies              |                           |               |                                      |                 |  |
| <b>2</b>                                       | Membership dues and assessments                          |                           |               |                                      |                 |  |
| <b>3</b>                                       | Interest on savings and temporary cash investments       |                           |               |                                      |                 |  |
| <b>4</b>                                       | Dividends and interest from securities                   |                           |               | <b>14</b>                            | <b>202,620</b>  |  |
| <b>5</b>                                       | Net rental income or (loss) from real estate:            |                           |               |                                      |                 |  |
| <b>a</b>                                       | Debt-financed property                                   |                           |               |                                      |                 |  |
| <b>b</b>                                       | Not debt-financed property                               |                           |               |                                      |                 |  |
| <b>6</b>                                       | Net rental income or (loss) from personal property       |                           |               |                                      |                 |  |
| <b>7</b>                                       | Other investment income                                  |                           |               |                                      |                 |  |
| <b>8</b>                                       | Gain or (loss) from sales of assets other than inventory |                           |               | <b>18</b>                            | <b>-381,643</b> |  |
| <b>9</b>                                       | Net income or (loss) from special events                 |                           |               |                                      |                 |  |
| <b>10</b>                                      | Gross profit or (loss) from sales of inventory           |                           |               |                                      |                 |  |
| <b>11</b>                                      | Other revenue <b>a</b>                                   |                           |               |                                      |                 |  |
| <b>b</b>                                       |  |                           |               |                                      |                 |  |
| <b>c</b>                                       |  |                           |               |                                      |                 |  |
| <b>d</b>                                       |  |                           |               |                                      |                 |  |
| <b>e</b>                                       |  |                           |               |                                      |                 |  |
| <b>12</b>                                      | Subtotal. Add columns (b), (d), and (e)                  |                           | <b>0</b>      |                                      | <b>-179,023</b> | <b>0</b>   |
| <b>13</b>                                      | Total. Add line 12, columns (b), (d), and (e)            |                           |               |                                      | <b>13</b>       | <b>-179,023</b>  |

(See worksheet in line 13 instructions on page 28 to verify calculations)

## Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]



## Federal Statements

### Statement 1 - Form 990-PF, Part I, Line 18 - Taxes

| Description                 | Total    | Net<br>Investment | Adjusted<br>Net | Charitable<br>Purpose |
|-----------------------------|----------|-------------------|-----------------|-----------------------|
| FOREIGN TAXES PAID          | \$ 535   | \$ 535            | \$              | \$                    |
| CURRENT YEAR ESTIMATES PAID | 1,100    |                   |                 |                       |
| TOTAL                       | \$ 1,635 | \$ 535            | \$ 0            | \$ 0                  |

## Federal Statements

### Statement 2 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

| Description | Beginning<br>of Year | End of<br>Year | Basis of<br>Valuation | Fair Market<br>Value |
|-------------|----------------------|----------------|-----------------------|----------------------|
| STOCKS      |                      |                |                       |                      |
|             | \$ 3,147,715         | \$ 3,365,039   | COST                  | \$ 3,201,668         |
| OTHER FUNDS |                      |                |                       |                      |
|             | 1,384,539            | 931,023        | COST                  | 1,070,678            |
| TOTAL       | \$ 4,532,254         | \$ 4,296,062   |                       | \$ 4,272,346         |

### Statement 3 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

| Description | Beginning<br>of Year | End of<br>Year | Basis of<br>Valuation | Fair Market<br>Value |
|-------------|----------------------|----------------|-----------------------|----------------------|
| BONDS       |                      |                |                       |                      |
|             | \$ 2,898,008         | \$ 2,777,019   | COST                  | \$ 2,874,463         |
| TOTAL       | \$ 2,898,008         | \$ 2,777,019   |                       | \$ 2,874,463         |

### Statement 4 - Form 990-PF, Part II, Line 13 - Other Investments

| Description                  | Beginning<br>of Year | End of<br>Year | Basis of<br>Valuation | Fair Market<br>Value |
|------------------------------|----------------------|----------------|-----------------------|----------------------|
| OIL AND GAS ROYALTY PROPERTY |                      |                |                       |                      |
|                              | \$ 1                 | \$ 1           | COST                  | \$ 0                 |
| TOTAL                        | \$ 1                 | \$ 1           |                       | \$ 0                 |

### Statement 5 - Form 990-PF, Part III, Line 3 - Other Increases

| Description                 | Amount |
|-----------------------------|--------|
| RETURN OF CAPITAL DIVIDENDS | \$ 632 |
| TOTAL                       | \$ 632 |

### Statement 6 - Form 990-PF, Part III, Line 5 - Other Decreases

| Description                                | Amount |
|--|--------|
| TAX COST ADJUSTMENT FOR PRIOR YEAR ROC DIV | \$ 406 |
| TOTAL                                      | \$ 406 |



## Federal Statements

### Form 990-PF, Part XV, Line 2b - Application Format and Required Contents

Description

NO PRESCIBED FORM REQUIRED

### Form 990-PF, Part XV, Line 2c - Submission Deadlines

Description

NONE

### Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description

NONE

**Federal Statements****ACCOUNTS RECEIVABLE**

| <u>Description</u>        | <u>Amount</u>           |
|---------------------------|-------------------------|
| DIVIDENDS POSTING IN 2010 | \$ <u>11,649</u>        |
| TOTAL                     | \$ <u><u>11,649</u></u> |

THE VAUGHN FOUNDATION  
2009 GRANTS AND CONTRIBUTIONS PAID  
EIN: 75-6008953

| RECIPIENT                            | ADDRESS       | RELATIONSHIP | RECIPIENT<br>STATUS | PURPOSE   | AMOUNT           |
|--------------------------------------|---------------|--------------|---------------------|-----------|------------------|
| Alley Theater                        | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| American Cancer Society              | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$5,000          |
| Houston Dance Salad                  | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$10,000         |
| Center for Hearing and Speech        | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$5,000          |
| Da Camera                            | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| East Texas Food Bank                 | Tyler, TX     | NONE         | PUBLIC              | OPERATING | \$5,000          |
| Houston Ballet                       | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$40,000         |
| Houston Food Bank                    | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$10,000         |
| Houston Friends of Music             | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| Houston Grand Opera Endowment        | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| Houston Symphony                     | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| Mental Health of America             | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$5,000          |
| Park People                          | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$5,000          |
| River Oaks Baptist School            | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| Ronald McDonald House of Houston     | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$10,000         |
| Texas Children's Cancer Center       | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$10,000         |
| University of Texas                  | Tyler, TX     | NONE         | PUBLIC              | OPERATING | \$62,000         |
| University of Texas Medical Branch   | Galveston, TX | NONE         | PUBLIC              | OPERATING | \$10,000         |
| Yellowstone Academy                  | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$10,000         |
| Society for the Performing Arts      | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| Forge for Families                   | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$5,000          |
| Duchesne Academy of the Sacred Heart | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| Context                              | Houston, TX   | NONE         | PUBLIC              | OPERATING | \$15,000         |
| TOTAL:                               |               |              |                     |           | <u>\$327,000</u> |

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TRUST YEAR ENDING 12/31/2009

TAX PREPARER: AE2  
TRUST ADMINISTRATOR M12  
INVESTMENT OFFICER RE1

LEGEND F - FEDERAL S - STATE I - INHERITED  
E - EXEMPT FROM STATE U - ACQ COST UNKNOWN

| PROPERTY DESCRIPTION   | SHARES      | DATE                              | SALES PRICE | COST BASIS | GAIN/LOSS | TERM |
|--|-------------|-----------------------------------|-------------|------------|-----------|------|
| 11923 6880 AMERICAN CENTURY EQUITY INC INV - 025076100 - MINOR = 08010 |             |                                   |             |            |           |      |
| SOLD   |             | 09/21/2009                        | 75000 00    |            |           |      |
| ACQ  | 11923 6880  | 09/04/2009                        | 75000 00    | 74046 10   | 953 90    | ST   |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 02/26/2009                        | 450 26      |            |           |      |
| ACQ  | 100 0000    | 09/06/2007                        | 450 26      | 2194 08    | -1743.82  | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/04/2009                        | 360 48      |            |           |      |
| ACQ  | 100.0000    | 09/06/2007                        | 360.48      | 2189.98    | -1829 50  | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/10/2009                        | 239 83      |            |           |      |
| ACQ  | 100 0000    | 09/06/2007                        | 239 83      | 2189 98    | -1950 15  | LT15 |
| 200 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/12/2009                        | 478 79      |            |           |      |
| ACQ  | 200 0000    | 09/06/2007                        | 478 79      | 4379 96    | -3901 17  | LT15 |
| 1000 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000           |             |                                   |             |            |           |      |
| SOLD   |             | 03/13/2009                        | 2531 08     |            |           |      |
| ACQ  | 1000 0000   | 09/07/2007                        | 2531 08     | 21785 20   | -19254 12 | LT15 |
| 200 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/13/2009                        | 495 69      |            |           |      |
| ACQ  | 200 0000    | 09/07/2007                        | 495 69      | 4357 04    | -3861 35  | LT15 |
| 200 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/13/2009                        | 504 47      |            |           |      |
| ACQ  | 100 0000    | 09/07/2007                        | 252 24      | 2178 52    | -1926 29  | LT15 |
| 100 0000   |             | 09/10/2007                        | 252 24      | 2172 58    | -1920 35  | LT15 |
| 200 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/16/2009                        | 505 75      |            |           |      |
| ACQ  | 200 0000    | 09/10/2007                        | 505 75      | 4345 16    | -3839 41  | LT15 |
| 700 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/16/2009                        | 1811.30     |            |           |      |
| ACQ  | 700 0000    | 09/10/2007                        | 1811 30     | 15208 06   | -13396 76 | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/17/2009                        | 213 66      |            |           |      |
| ACQ  | 100.0000    | 09/10/2007                        | 213.66      | 2172 58    | -1958 92  | LT15 |
| 400 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/17/2009                        | 816 67      |            |           |      |
| ACQ  | 400 0000    | 09/10/2007                        | 816 67      | 8690 32    | -7873 65  | LT15 |
| 400 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/18/2009                        | 854 31      |            |           |      |
| ACQ  | 400 0000    | 09/10/2007                        | 854 31      | 8690 32    | -7836 01  | LT15 |
| 300 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/19/2009                        | 627 83      |            |           |      |
| ACQ  | 300 0000    | 09/10/2007                        | 627 83      | 6517 74    | -5889 91  | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/19/2009                        | 213 73      |            |           |      |
| ACQ  | 100 0000    | 09/10/2007                        | 213 73      | 2172 58    | -1958 85  | LT15 |
| 500 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/19/2009                        | 1047 99     |            |           |      |
| ACQ  | 500.0000    | 09/10/2007                        | 1047 99     | 10862 90   | -9814 91  | LT15 |
| 500 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/20/2009                        | 1019 24     |            |           |      |
| ACQ  | 500 0000    | 09/10/2007                        | 1019 24     | 10862.90   | -9843 66  | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/23/2009                        | 209 88      |            |           |      |
| ACQ  | 100 0000    | 09/10/2007                        | 209 88      | 2151 17    | -1941 29  | LT15 |
| 1400 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000           |             |                                   |             |            |           |      |
| SOLD   |             | 03/23/2009                        | 3119 46     |            |           |      |
| ACQ  | 600.0000    | 09/10/2007                        | 1336 91     | 12907 02   | -11570 11 | LT15 |
| 800 0000   |             | 09/11/2007                        | 1782.55     | 16869 52   | -15086 97 | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/24/2009                        | 256 49      |            |           |      |
| ACQ  | 100 0000    | 09/11/2007                        | 256 49      | 2108 69    | -1852 20  | LT15 |
| 900 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/24/2009                        | 2310 91     |            |           |      |
| ACQ  | 900 0000    | 09/11/2007                        | 2310 91     | 18978 21   | -16667 30 | LT15 |
| 300 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/24/2009                        | 782 66      |            |           |      |
| ACQ  | 300 0000    | 09/11/2007                        | 782 66      | 6326 07    | -5543 41  | LT15 |
| 500.0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/25/2009                        | 1198 24     |            |           |      |
| ACQ  | 500 0000    | 09/11/2007                        | 1198.24     | 10543 45   | -9345 21  | LT15 |
| 200 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/25/2009                        | 466 39      |            |           |      |
| ACQ  | 200 0000    | 09/11/2007                        | 466 39      | 4217 38    | -3750 99  | LT15 |
| 100 0000 APOLLO INVESTMENT CORP - 03761U106 - MINOR = 31000            |             |                                   |             |            |           |      |
| SOLD   |             | 03/26/2009                        | 237 49      |            |           |      |
| ACQ  | 100 0000    | 09/11/2007                        | 237 49      | 2108 69    | -1871.20  | LT15 |
| 134000.0000 BARCLAYS BREN EAFE   |             | 12/30/09 - 06738QYE2 - MINOR = 37 |             |            |           |      |
| SOLD   |             | 12/30/2009                        | 169102 51   |            |           |      |
| ACQ  | 134000 0000 | 12/12/2008                        | 169102.51   | 132660 00  | 36442 51  | LT15 |
| 100000 0000 DEUTSCHE BK REN INFRA BSKT                                 |             | 6/17/10 - 2515A0LN1 - MINOR = 37  |             |            |           |      |
| SOLD   |             | 02/06/2009                        | 46270 00    |            |           |      |
| ACQ  | 100000 0000 | 05/30/2008                        | 46270 00    | 98500 00   | -52230 00 | ST   |

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TRUST YEAR ENDING 12/31/2009

TAX PREPARER AE2  
TRUST ADMINISTRATOR M12  
INVESTMENT OFFICER RE1

LEGEND F - FEDERAL S - STATE I - INHERITED  
E - EXEMPT FROM STATE U - ACQ COST UNKNOWN

| PROPERTY DESCRIPTION   | SHARES      | DATE       | SALES PRICE | COST BASIS | GAIN/LOSS | TERM |
|--|-------------|------------|-------------|------------|-----------|------|
| 69000 0000 BUFFERED RETURN ENHANCED NOTE - 2515A0WW9                           |             |            |             |            |           |      |
| SOLD   |             | 05/27/2009 | 82524 00    |            |           |      |
| ACQ  | 69000 0000  | 11/21/2008 | 82524 00    | 68655 00   | 13869 00  | ST   |
| 4669 9880 EATON VANCE SPL INVT TR - 277905642 - MINOR = 65                     |             |            |             |            |           |      |
| SOLD   |             | 09/21/2009 | 75000 00    |            |           |      |
| ACQ  | 4669 9880   | 10/16/2008 | 75000.00    | 69162 52   | 5837.48   | ST   |
| .0000 ENRON CORP - 293561106 - MINOR = 31001                                   |             |            |             |            |           |      |
| SOLD   |             | 01/06/2009 | 16698 85    |            |           |      |
| ACQ  | .0000       |            | 16698 85    | 0 00       | 16698 85  | LT15 |
| **CHANGED** 02/03/09 AW4   |             |            |             |            |           |      |
| 19091 8470 FIDELITY ADVISOR HIGH YIELD FD INST* - 315807875 - MINOR = 08030    |             |            |             |            |           |      |
| SOLD   |             | 01/07/2009 | 110732.71   |            |           |      |
| ACQ  | 19091 8470  | 11/23/2007 | 110732 71   | 185000 00  | -74267 29 | LT15 |
| 140000.0000 HSBC REN SPX 12/15/09 - 4042K0TS4                                  |             |            |             |            |           |      |
| SOLD   |             | 12/15/2009 | 192164 00   |            |           |      |
| ACQ  | 140000 0000 | 11/26/2008 | 192164 00   | 138600 00  | 53564 00  | LT15 |
| 0000 HONEYWELL INTERNATIONAL INC - 438516106 - MINOR = 31000                   |             |            |             |            |           |      |
| SOLD   |             | 02/23/2009 | 19 06       |            |           |      |
| ACQ  | 0000        |            | 19 06       | 0 00       | 19 06     | LT15 |
| **CHANGED** 05/11/09 AW4   |             |            |             |            |           |      |
| 7000 0000 ISHARES MSCI EAFE INDEX FUND - 464287465 - MINOR = 08020             |             |            |             |            |           |      |
| SOLD   |             | 05/07/2009 | 309419 34   |            |           |      |
| ACQ  | 7000 0000   | 10/16/2008 | 309419 34   | 305485 60  | 3933.74   | ST   |
| 3500 0000 ISHARES RUSSELL 2000 INDEX FUND - 464287655 - MINOR = 08020          |             |            |             |            |           |      |
| SOLD   |             | 10/22/2009 | 214503 53   |            |           |      |
| ACQ  | 1500 0000   | 07/29/2009 | 91930.08    | 82460 55   | 9469.53   | ST   |
|  | 2000 0000   | 09/21/2009 | 122573 45   | 123460 80  | -887.35   | ST   |
| 7322 1760 IVY LARGE CAP GROWTH FUND - 466001203 - MINOR = 65                   |             |            |             |            |           |      |
| SOLD   |             | 07/10/2009 | 70000 00    |            |           |      |
| ACQ  | 7322 1760   | 10/16/2008 | 70000 00    | 73734 31   | -3734 31  | ST   |
| 4357 9310 JPMORGAN US LARGE CAPITAL CORE PLUS FUND - 4812A2389 - MINOR = 08010 |             |            |             |            |           |      |
| SOLD   |             | 09/21/2009 | 75000 00    |            |           |      |
| ACQ  | 4357 9310   | 05/02/2007 | 75000 00    | 89424 74   | -14424 74 | LT15 |
| 36003 6000 JPMORGAN CORE BOND FUND - 4812C0381 - MINOR = 08030                 |             |            |             |            |           |      |
| SOLD   |             | 09/21/2009 | 400000 00   |            |           |      |
| ACQ  | 36003 6000  | 05/14/2009 | 400000 00   | 390639 06  | 9360 94   | ST   |
| 8880 9950 JPMORGAN CORE BOND FUND - 4812C0381 - MINOR = 08030                  |             |            |             |            |           |      |
| SOLD   |             | 11/25/2009 | 100000 00   |            |           |      |
| ACQ  | 8880 9950   | 05/14/2009 | 100000 00   | 96358 80   | 3641 20   | ST   |
| 94563 3710 JPMORGAN SHORT DURATION BOND FUND - 4812C1330 - MINOR = 08030       |             |            |             |            |           |      |
| SOLD   |             | 05/14/2009 | 1016556 24  |            |           |      |
| ACQ  | 94563 3710  | 12/31/2007 | 1016556 24  | 1008991 17 | 7565 07   | LT15 |
| 4851 2290 JPMORGAN DIVERSIFIED MID CAP GROWTH - 4812C1710 - MINOR = 08010      |             |            |             |            |           |      |
| SOLD   |             | 07/29/2009 | 75000.00    |            |           |      |
| ACQ  | 4851 2290   | 03/05/2007 | 75000 00    | 112208 92  | -37208 92 | LT15 |
| 0000 M C I COMMUNICATIONS CORP - 552673105                                     |             |            |             |            |           |      |
| SOLD   |             | 12/04/2009 | 1 86        |            |           |      |
| ACQ  | .0000       |            | 1 86        | 0.00       | 1 86      | LT15 |
| **CHANGED** 12/22/09 AW4   |             |            |             |            |           |      |
| 2815 3150 MATTHEWS INTERNATIONAL FUNDS - 577130107 - MINOR = 08010             |             |            |             |            |           |      |
| SOLD   |             | 09/21/2009 | 50000.00    |            |           |      |
| ACQ  | 2815 3150   | 08/25/2005 | 50000 00    | 49127.25   | 872 75    | LT15 |
| 200000 0000 MORGAN STANLEY ARN NKY - 617446E39                                 |             |            |             |            |           |      |
| SOLD   |             | 06/05/2009 | 119880 00   |            |           |      |
| ACQ  | 200000 0000 | 02/16/2007 | 119880 00   | 196000 00  | -76120 00 | LT15 |
| 6963 7880 OLD MUTUAL ANALY US LO/SH-Z - 68002Q347 - MINOR = 65                 |             |            |             |            |           |      |
| SOLD   |             | 04/08/2009 | 56615 60    |            |           |      |
| ACQ  | 6963 7880   | 05/15/2008 | 56615 60    | 100000 00  | -43384 40 | ST   |
| 1717 0330 T ROWE PRICE INTERNATIONAL FUNDS INC - 77956H500 - MINOR = 08010     |             |            |             |            |           |      |
| SOLD   |             | 09/21/2009 | 25000 00    |            |           |      |
| ACQ  | 1717 0330   | 08/01/2007 | 25000 00    | 32057 01   | -7057 01  | LT15 |
| 2100 0000 S & P 500 DEP RCPTS - 78462F103 - MINOR = 31000                      |             |            |             |            |           |      |
| SOLD   |             | 04/08/2009 | 171661 76   |            |           |      |
| ACQ  | 1400 0000   | 07/22/2008 | 114441 17   | 176428 70  | -61987 53 | ST   |
|  | 700 0000    | 10/16/2008 | 57220 59    | 63538 51   | -6317 92  | ST   |
| TOTALS   |             |            | 3471902 06  | 3853719 14 |           |      |

# SUMMARY OF CAPITAL GAINS/LOSSES

| FEDERAL                | SHORT TERM | LONG TERM 28% | LONG TERM 15% | ST WASH SALE | LT WASH SALE | 1250 GAIN |
|------------------------|------------|---------------|---------------|--------------|--------------|-----------|
| SUBTOTAL FROM ABOVE    | -121475 72 | 0 00          | -260341 36    | 0.00         | 0 00         | 0 00*     |
| COMMON TRUST FUND      | 0 00       | 0 00          | 0 00          |              |              | 0 00      |
| CAPITAL GAIN DIVIDENDS | 2056 58    | 0 00          | 174 17        |              |              | 0 00      |
|                        | -119419 14 | 0 00          | -260167 19    | 0.00         | 0 00         | 0 00      |

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TAX PREPARER AE2  
TRUST ADMINISTRATOR M12  
INVESTMENT OFFICER RE1

LEGEND F - FEDERAL S - STATE I - INHERITED  
E - EXEMPT FROM STATE U - ACQ COST UNKNOWN

| PROPERTY DESCRIPTION   | SHARES     | DATE | SALES PRICE | COST BASIS | GAIN/LOSS | TERM  |
|------------------------|------------|------|-------------|------------|-----------|-------|
| STATE                  |            |      |             |            |           |       |
| SUBTOTAL FROM ABOVE    | -121475 72 | 0 00 | -260341 36  | 0 00       | 0 00      | 0 00* |
| COMMON TRUST FUND      | 0 00       | 0 00 | 0.00        |            |           | 0 00  |
| CAPITAL GAIN DIVIDENDS | 2056 58    | 0 00 | 174 17      |            |           | 0.00  |
|                        | -119419 14 | 0 00 | -260167 19  | 0 00       | 0 00      | 0 00  |

\* - 1250 GAIN DETAILED ON TRANS PAGES, NOT ABOVE

CAPITAL LOSS CARRYOVER

|         |      |      |
|---------|------|------|
| FEDERAL | 0 00 | 0 00 |
| UNKNOWN | N/A  | N/A  |

## Account Summary

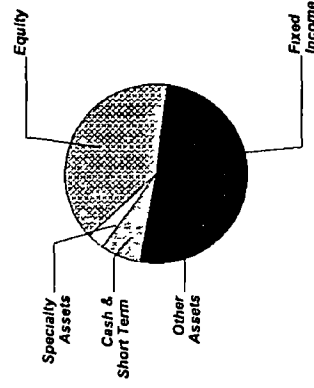
### PRINCIPAL

| Asset Allocation    | Beginning Market Value | Ending Market Value   | Change In Value       | Estimated Annual Income | Current Allocation |
|---------------------|------------------------|-----------------------|-----------------------|-------------------------|--------------------|
| Equity              | 2,292,785.24           | 3,201,668.18          | 908,882.94            | 33,837.99               | 41%                |
| Cash & Short Term   | 515,626.22             | 534,160.50            | 18,534.28             | 640.99                  | 7%                 |
| Fixed Income        | 2,774,151.27           | 2,874,462.77          | 100,311.50            | 130,933.82              | 37%                |
| Specialty Assets    | 1.00                   | 1.00                  | 0.00                  |                         | 1%                 |
| Other Assets        | 1,018,739.84           | 1,070,678.10          | 51,938.26             |                         | 14%                |
| <b>Market Value</b> | <b>\$6,601,303.57</b>  | <b>\$7,680,970.55</b> | <b>\$1,079,666.98</b> |                         | <b>100%</b>        |

### INCOME

| Cash Position       | Beginning Market Value | Ending Market Value | Change In Value       |
|---------------------|------------------------|---------------------|-----------------------|
| Cash Balance        | 213,175.07             | 21,413.54           | (191,761.53)          |
| Accruals            | 12,536.58              | 11,028.15           | (1,508.43)            |
| <b>Market Value</b> | <b>\$225,711.65</b>    | <b>\$32,441.69</b>  | <b>(\$193,269.96)</b> |

### Asset Allocation



# J.P.Morgan

THE VAUGHN FOUNDATION ACCT. P65245006  
For the Period 1/1/09 to 12/31/09

## Account Summary CONTINUED

|                            | PRINCIPAL               |                       | INCOME                  |                       |
|----------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                            | Current<br>Period Value | Year-to-Date<br>Value | Current<br>Period Value | Year-to-Date<br>Value |
| <b>Portfolio Activity</b>  |                         |                       |                         |                       |
| Beginning Market Value     | 6,601,303.57            | 6,601,303.57          | 213,175.07              | 213,175.07            |
| Additions                  | 226,509.07              | 226,509.07            | 12,975.96               | 12,975.96             |
| Withdrawals & Fees         | (183,107.17)            | (183,107.17)          | (414,072.37)            | (414,072.37)          |
| Net Additions/Withdrawals  | \$43,401.90             | \$43,401.90           | (\$401,096.41)          | (\$401,096.41)        |
| Income                     |                         |                       | 209,334.88              | 209,334.88            |
| Change in Investment Value | 1,036,265.08            | 1,036,265.08          |                         |                       |
| Ending Market Value        | \$7,680,970.55          | \$7,680,970.55        | \$21,413.54             | \$21,413.54           |
| Accruals                   | --                      | --                    | 11,028.15               | 11,028.15             |
| Market Value with Accruals | --                      | --                    | \$32,441.69             | \$32,441.69           |



THE VAUGHN FOUNDATION ACCT P65245006  
For the Period 1/1/09 to 12/31/09

### Account Summary CONTINUED

| <b>Tax Summary</b>               | <b>Current<br/>Period Value</b> | <b>Year-to-Date<br/>Value</b> |
|----------------------------------|---------------------------------|-------------------------------|
| Domestic Dividends/Distributions | 199,805.36                      | 199,805.36                    |
| Interest Income                  | 1,248.36                        | 1,248.36                      |
| <b>Taxable Income</b>            | <b>\$201,053.72</b>             | <b>\$201,053.72</b>           |
| Tax-Exempt Income                | 8,281.16                        | 8,281.16                      |
| <b>Tax-Exempt Income</b>         | <b>\$8,281.16</b>               | <b>\$8,281.16</b>             |

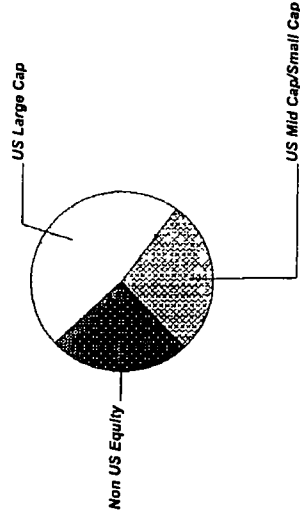
|                               | <b>Current<br/>Period Value</b> | <b>Year-to-Date<br/>Value</b> |
|-------------------------------|---------------------------------|-------------------------------|
| LT Capital Gain Distributions | 174.17                          | 174.17                        |
| ST Realized Gain/Loss         | (121,475.72)                    | (121,475.72)                  |
| LT Realized Gain/Loss         | (260,341.35)                    | (260,341.35)                  |
| <b>Realized Gain/Loss</b>     | <b>(\$381,642.90)</b>           | <b>(\$381,642.90)</b>         |

|                             |                      |
|-----------------------------|----------------------|
|                             | <b>To-Date Value</b> |
| <b>Unrealized Gain/Loss</b> | <b>\$73,729.05</b>   |

## Equity Summary

| Asset Categories     | Beginning Market Value | Ending Market Value   | Change In Value     | Current Allocation |
|----------------------|------------------------|-----------------------|---------------------|--------------------|
| US Large Cap         | 1,309,982.68           | 1,517,684.24          | 207,701.56          | 19%                |
| US Mid Cap/Small Cap | 330,682.23             | 897,042.87            | 566,360.64          | 12%                |
| Non US Equity        | 652,120.33             | 786,941.07            | 134,820.74          | 10%                |
| <b>Total Value</b>   | <b>\$2,292,785.24</b>  | <b>\$3,201,668.18</b> | <b>\$908,882.94</b> | <b>41%</b>         |

### Asset Categories



### Market Value/Cost

| Market Value/Cost       | Current Period Value |
|-------------------------|----------------------|
| Market Value            | 3,201,668.18         |
| Tax Cost                | 3,365,038.86         |
| Unrealized Gain/Loss    | (163,370.68)         |
| Estimated Annual Income | 33,837.99            |
| Yield                   | 1.06%                |

# J.P.Morgan

THE VAUGHN FOUNDATION ACCT. P65245006  
For the Period 1/1/09 to 12/31/09

## Equity Detail

|   | Quantity   | Price | Market Value          | Tax Cost              | Unrealized Gain/Loss | Estimated Annual Income<br>Accrued Dividends | Yield         |
|---|------------|-------|-----------------------|-----------------------|----------------------|--|---------------|
| <b>US Large Cap</b>   |            |       |                       |                       |                      |  |               |
| EATON VANCE SPL INVT TR<br>VALUE FD CL I<br>277905-64-2 EILV X                    | 9,847,230  | 16.78 | 165,236.52            | 145,837.48            | 19,399.04            | 2,540.58                                     | 1.54 %        |
| FMI FDS INC<br>LARGE CAP FD<br>302933-20-5 FMIH X                                 | 17,574,692 | 14.14 | 248,506.14            | 199,999.99            | 48,506.15            | 3,005.27                                     | 1.21 %        |
| IVY LARGE CAP GROWTH FUND - I<br>466001-20-3 IYGI X                               | 14,028,370 | 11.65 | 163,430.51            | 141,265.69            | 22,164.82            | 981.98                                       | 0.60 %        |
| JPMORGAN US LARGE CAP CORE PLUS FUND<br>SELECT<br>FUND 1002<br>4812A2-38-9 JLPS X | 33,994,896 | 18.18 | 618,027.21            | 697,575.26            | (79,548.05)          | 3,875.41                                     | 0.63 %        |
| MANNING & NAPIER FUND INC<br>EQUITY SERIES<br>563821-60-2 EXEY X                  | 19,003,174 | 16.97 | 322,483.86            | 250,000.00            | 72,483.86            | 304.05                                       | 0.09 %        |
| <b>Total US Large Cap</b>   |            |       | <b>\$1,517,684.24</b> | <b>\$1,434,678.42</b> | <b>\$83,005.82</b>   | <b>\$10,707.29</b>                           | <b>0.71 %</b> |
| <b>US Mid Cap/Small Cap</b>   |            |       |                       |                       |                      |  |               |
| AMERICAN CENTURY EQUITY INCOME FUND<br>(FUND 123)<br>025076-10-0 TWEL X           | 12,230,901 | 6.56  | 80,234.71             | 75,953.90             | 4,280.81             | 2,164.86                                     | 2.70 %        |

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THE VAUGHN FOUNDATION ACCT. P65245006  
For the Period 1/1/09 to 12/31/09

|   | Quantity   | Price | Market Value | Tax Cost       | Unrealized Gain/Loss | Estimated Annual Income |  | Yield |
|---|------------|-------|--------------|----------------|----------------------|-------------------------|--|-------|
|   |            |       |              |                |                      | Accrued Dividends       |  |       |
| US Mid Cap/Small Cap  |            |       |              |                |                      |                         |  |       |
| JPMORGAN MID CAP VALUE FUND<br>SELECT SHARE CLASS<br>(FUND 1100)<br>339183-10-5 JMVS X                            | 9,569,231  | 19.12 | 182,963.70   | 217,891.38     | (34,927.68)          | 47.84                   |  | 0.03% |
| JPMORGAN MID CAP GROWTH<br>SELECT SHARE CLASS<br>FUND 3120<br>4812C1-71-0 HLGE X                                  | 8,927,920  | 18.32 | 163,559.49   | 171,791.08     | (8,231.59)           |                         |  |       |
| JPMORGAN TR I<br>HIGHBRIDGE STATISTICAL<br>MARKET NEUTRAL FUND SELECT SHARES<br>FUND # 1011<br>4812A2-43-9 HSKS X | 18,533,682 | 15.74 | 291,720.15   | 296,724.25     | (5,004.10)           | 611.61                  |  | 0.21% |
| JPMORGAN US REAL ESTATE FUND<br>SELECT SHARE CLASS<br>FUND 3037<br>4812C0-61-3 SUJE X                             | 14,624,473 | 12.21 | 178,564.82   | 352,993.77     | (174,428.95)         | 4,109.47                |  | 2.30% |
| Total US Mid Cap/Small Cap  |            |       | \$897,042.87 | \$1,115,354.38 | (\$218,311.51)       | \$6,933.78              |  | 0.77% |
| Non US Equity   |            |       |              |                |                      |                         |  |       |
| ARTIO INTERNATIONAL EQUITY II - I<br>04315J-83-7 JETI X   | 21,645,022 | 11.78 | 254,978.36   | 350,000.01     | (95,021.65)          | 12,532.46               |  | 4.92% |
| MANNING & NAPIER FUND INC<br>WORLD OPPORTUNITIES SERIES FUND<br>563821-54-5 EXWA X                                | 33,393,817 | 8.12  | 271,157.79   | 225,000.00     | 46,157.79            | 1,970.23                |  | 0.73% |

THE VAUGHN FOUNDATION ACCT P65245006  
For the Period 1/1/09 to 12/31/09

|   | Quantity  | Price | Market Value | Tax Cost     | Unrealized Gain/Loss | Estimated Annual Income |  | Yield |
|---|-----------|-------|--------------|--------------|----------------------|-------------------------|--|-------|
|   |           |       |              |              |                      | Accrued Dividends       |  |       |
| Non US Equity   |           |       |              |              |                      |                         |  |       |
| MATTHEWS PACIFIC TIGER FUND -CL I<br>577130-10-7 MAPT X                     | 7,922.175 | 19.23 | 152,343.43   | 114,542.85   | 37,800.58            | 1,156.63                |  | 0.76% |
| T ROWE PRICE INTERNATIONAL FUNDS INC<br>NEW ASIA FUND<br>77956H-50-0 PRAS X | 6,720.043 | 16.14 | 108,461.49   | 125,463.20   | (17,001.71)          | 537.60                  |  | 0.50% |
| Total Non US Equity   |           |       | \$786,941.07 | \$815,006.06 | (\$28,064.99)        | \$16,196.92             |  | 2.06% |

## Cash & Short Term Summary

| Asset Categories | Beginning<br>Market Value | Ending<br>Market Value | Change<br>In Value | Current<br>Allocation |
|------------------|---------------------------|------------------------|--------------------|-----------------------|
| Cash             | 515,626 22                | 534,160 50             | 18,534 28          | 7%                    |

### Asset Categories



| Market Value/Cost       | Current<br>Period Value |
|-------------------------|-------------------------|
| Market Value            | 534,160 50              |
| Tax Cost                | 534,160 50              |
| Estimated Annual Income | 640 99                  |
| Accrued Interest        | 44 83                   |
| Yield                   | 0 12 %                  |

Note <sup>1</sup> This is the Annual Percentage Yield (APY) which is the rate earned if balances remain on deposit for a full year with compounding, there is no change in the interest rate and all interest is left in the account.

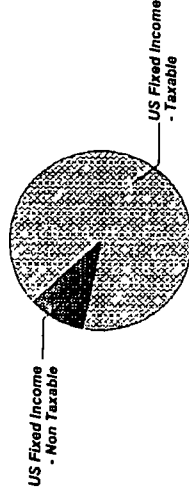
## Cash & Short Term Detail

|                     | Quantity   | Price | Market Value | Tax Cost   |          | Unrealized Gain/Loss | Estimated Annual Income |  | Yield               |
|---------------------|------------|-------|--------------|------------|----------|----------------------|-------------------------|--|---------------------|
|                     |            |       |              | Adjusted   | Original |                      | Accrued Interest        |  |                     |
| <b>Cash</b>         |            |       |              |            |          |                      |                         |  |                     |
| US DOLLAR PRINCIPAL | 534,160.50 | 1.00  | 534,160.50   | 534,160.50 |          |                      | 640.99                  |  | 0.12 % <sup>1</sup> |
|                     |            |       |              |            |          |                      | 44.83                   |  |                     |

## Fixed Income Summary

| Asset Categories              | Beginning<br>Market Value | Ending<br>Market Value | Change<br>In Value  | Current<br>Allocation |
|-------------------------------|---------------------------|------------------------|---------------------|-----------------------|
| US Fixed Income - Taxable     | 2,596,373 49              | 2,573,329 25           | (23,044 24)         | 33%                   |
| US Fixed Income - Non Taxable | 177,777 78                | 301,133 52             | 123,355 74          | 4%                    |
| <b>Total Value</b>            | <b>\$2,774,151.27</b>     | <b>\$2,874,462.77</b>  | <b>\$100,311.50</b> | <b>37%</b>            |

### Asset Categories



### Market Value/Cost

|                         | Current<br>Period Value |
|-------------------------|-------------------------|
| Market Value            | 2,874,462 77            |
| Tax Cost                | 2,777,018 64            |
| Unrealized Gain/Loss    | 97,444 13               |
| Estimated Annual Income | 130,933 82              |
| Accrued Interest        | 10,983 32               |
| Yield                   | 4.56 %                  |



J.P.Morgan

THE VAUGHN FOUNDATION ACCT. P65245006  
For the Period 1/1/09 to 12/31/09

**Fixed Income Summary** CONTINUED

**SUMMARY BY MATURITY**

| Fixed Income                   | Market Value | % of Bond Portfolio |
|--------------------------------|--------------|---------------------|
| Less than 5 years <sup>1</sup> | 2,874,462.77 | 100%                |

**SUMMARY BY TYPE**

| Fixed Income       | Market Value          | % of Bond Portfolio |
|--------------------|-----------------------|---------------------|
| Mutual Funds       | 2,573,329.25          | 90%                 |
| Other              | 301,133.52            | 10%                 |
| <b>Total Value</b> | <b>\$2,874,462.77</b> | <b>100%</b>         |

<sup>1</sup>The years indicate the number of years until the bond is scheduled to mature based on the statement end date. Some bonds may be called, or paid in full, before their stated maturity.

## Fixed Income Detail

|   | Quantity    | Price | Market Value   | Tax Cost          |                                   | Unrealized Gain/Loss | Estimated    |             | Yield |
|---|-------------|-------|----------------|-------------------|-----------------------------------|----------------------|--------------|-------------|-------|
|   |             |       |                | Adjusted Original | Annual Income<br>Accrued Interest |                      |              |             |       |
| US Fixed Income - Taxable                         |             |       |                |                   |                                   |                      |              |             |       |
| JPMORGAN INTERNATIONAL CURRENCY INCOME FUND       | 4,549,591   | 10.75 | 48,908.10      | 50,000.00         |                                   | (1,091.90)           | 27.29        | 23.61       | 0.06% |
| 30-Day Annualized Yield: 1.20%                    |             |       |                |                   |                                   |                      |              |             |       |
| 4812A3-29-6                                       |             |       |                |                   |                                   |                      |              |             |       |
| JPMORGAN STRATEGIC INCOME OPPORTUNITIES FUND 3844 | 34,904,014  | 11.59 | 404,537.52     | 400,000.00        |                                   | 4,537.52             | 14,485.16    | 1,256.54    | 3.58% |
| 30-Day Annualized Yield: 2.76%                    |             |       |                |                   |                                   |                      |              |             |       |
| 4812A4-35-1                                       |             |       |                |                   |                                   |                      |              |             |       |
| JPMORGAN CORE BOND FUND SELECT SHARE CLASS        | 172,717,206 | 11.10 | 1,917,160.99   | 1,867,018.64      |                                   | 50,142.35            | 93,440.00    | 7,426.84    | 4.87% |
| FUND 3720   |             |       |                |                   |                                   |                      |              |             |       |
| 30-Day Annualized Yield: 4.35%                    |             |       |                |                   |                                   |                      |              |             |       |
| 4812C0-38-1                                       |             |       |                |                   |                                   |                      |              |             |       |
| JPMORGAN HIGH YIELD BOND FUND SELECT CLASS        | 26,191,555  | 7.74  | 202,722.64     | 160,000.00        |                                   | 42,722.64            | 14,614.88    | 1,702.45    | 7.21% |
| FUND 3580   |             |       |                |                   |                                   |                      |              |             |       |
| 30-Day Annualized Yield 7.59%                     |             |       |                |                   |                                   |                      |              |             |       |
| 4812C0-80-3                                       |             |       |                |                   |                                   |                      |              |             |       |
| Total US Fixed Income - Taxable                   |             |       | \$2,573,329.25 | \$2,477,018.64    |                                   | \$96,310.61          | \$122,567.33 | \$10,409.44 | 4.76% |

THE VAUGHN FOUNDATION ACCT P65245006  
For the Period 1/1/09 to 12/31/09

| US Fixed Income - Non Taxable  |            |       |              |                   |  |                      |                         |  |       |
|--|------------|-------|--------------|-------------------|--|----------------------|-------------------------|--|-------|
|  | Quantity   | Price | Market Value | Tax Cost          |  | Unrealized Gain/Loss | Estimated Annual Income |  | Yield |
|  |            |       |              | Adjusted Original |  |                      | Accrued Interest        |  |       |
| JPMORGAN TR I<br>TAX AWARE REAL RETURN FUND<br>SELECT SHARE CLASS<br>FUND 992<br>30-Day Annualized Yield. 1.60%<br>4812A2-54-6 | 30,203.964 | 9.97  | 301,133.52   | 300,000.00        |  | 1,133.52             | 8,366.49<br>573.88      |  | 2.78% |

# J.P.Morgan

THE VAUGHN FOUNDATION ACCT. P65245006  
For the Period 1/1/09 to 12/31/09

## Specialty Assets Summary

| Asset Categories | Beginning       |                 | Ending          | Current         |            |
|------------------|-----------------|-----------------|-----------------|-----------------|------------|
|                  | Estimated Value | Estimated Value | Estimated Value | Change In Value | Allocation |
| Oil & Gas        | 1.00            | 1.00            | 1.00            | 0.00            | 1%         |




## Specialty Assets Detail

|  | <div>Estimated Value</div> <div>Estimated Cost</div> | Gross<br>Income | Production<br>Tax | Expenses | Net<br>Income | Depletion | Net Income<br>After Depletion |
|--|--|-----------------|-------------------|----------|---------------|-----------|-------------------------------|
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# J.P.Morgan

THE VAUGHN FOUNDATION ACCT. P65245006  
For the Period 1/1/09 to 12/31/09

## Other Assets Summary

| Asset Categories       | Beginning<br>Estimated Value | Ending<br>Estimated Value | Change<br>In Value | Current<br>Allocation | Asset Categories  |
|------------------------|------------------------------|---------------------------|--------------------|-----------------------|---|
| Structured Investments | 504,457 10                   | 1,070,678 10              | 566,221 00         | 14%                   |  |
| Other                  | 514,282 74                   | 0 00                      | (514,282 74)       |                       |   |
| <b>Total Value</b>     | <b>\$1,018,739.84</b>        | <b>\$1,070,678.10</b>     | <b>\$51,938.26</b> | <b>14%</b>            |   |

## Other Assets Detail

|   | Quantity    | Price  | Estimated<br>Value | Cost       | Estimated<br>Gain/Loss |
|---|-------------|--------|--------------------|------------|------------------------|
| <b>Structured Investments</b>   |             |        |                    |            |                        |
| BARC 9M RTY TACTICAL NOTE<br>07/29/2010 (80% CONTIN BARRIER-<br>2.0% PMT -7% CAP)<br>INITIAL LEVEL-RTY'10/22/09- 605 11<br>06739J-P3-1                  | 215,000 000 | 101 23 | 217,644 50         | 213,602.50 | 4,042 00               |
| BARCLAYS BREN GSCI OIL 8/05/10<br>GSCITM CRUDE OIL EXCESS RETURN<br>INDEX, 15% BUFFER,<br>1.66X LEVERAGE, 58.10% MAX RET,<br>DD 02/05/09<br>06738Q-F3-7 | 100,000 000 | 133 60 | 133,600 00         | 98,500.00  | 35,100 00              |

|  | Quantity    | Price  | Estimated Value | Cost       | Estimated Gain/Loss |
|--|-------------|--------|-----------------|------------|---------------------|
| <b>Structured Investments</b>  |             |        |                 |            |                     |
| BARCLAYS BREN S&P GSCI AG 4/28/11<br>S&P GSCI AG EXCESS RET INDEX<br>BUFFER 20% MAX RETURN 38.75%<br>DOWNSIDE LEVERAGE 1.25;<br>DD 04/22/09<br>06738Q-5G-9 | 65,000,000  | 111.30 | 72,345.00       | 64,025.00  | 8,320.00            |
| CREDIT SUISSE BREN AIB 5/03/10<br>10%BUFFER 2XLEV 10.90%CAP 21.8%MAX<br>DD 05/22/09<br>22546E-JG-0   | 75,000,000  | 116.60 | 87,450.00       | 74,250.00  | 13,200.00           |
| CREDIT SUISSE REN OIH 01/14/10<br>(3XLEV-9.45%CAP-28.35%MAX(PYMT))<br>INITIAL LEVEL-OIH 7/10/09. 91.77<br>22546E-KW-3                                      | 70,000,000  | 127.58 | 89,306.00       | 69,650.00  | 19,656.00           |
| DEUTSCHE BK SARN SPX 2/24/11<br>(90/100/100/-10%BUFF-18.8%PYMT)<br>INITIAL LEVEL-SPX 2/06/09 869.89<br>2515A0-YQ-0   | 46,000,000  | 118.64 | 54,574.40       | 45,310.00  | 9,264.40            |
| GS 9M SPX NOTE<br>08/19/2010 (85% CONTIN BARRIER-<br>6.6% PMT -AUTO 7% CAP)<br>INITIAL LEVEL-SPX 11/13/09. 1.093.48<br>38143U-FL-0                         | 150,000,000 | 102.53 | 153,787.50      | 148,875.00 | 4,912.50            |
| HSBC MKT PLUS SPX 10/15/10<br>(70% CONTIN BARRIER-3.5%PMT-)<br>INITIAL LEVEL-SPX 04/15/09 856.56<br>4042K0-WN-1  | 100,000,000 | 128.06 | 128,060.00      | 99,000.00  | 29,060.00           |

|   | Quantity    | Price  | Estimated<br>Value    | Cost                | Estimated<br>Gain/Loss |
|---|-------------|--------|-----------------------|---------------------|------------------------|
| <b>Structured Investments</b>   |             |        |                       |                     |                        |
| MORGAN STANLEY BREN<br>LKD TO ASIA BASKET<br>MAT.06/30/10(10%BUFFER-2XLEV-9 25%<br>CAP-18.5%MAXPYMT) INITIAL LEVEL<br>-ASIA BASKET 06/05/09.100.00<br>617482-FV-1 | 119,000 000 | 112 53 | 133,910.70            | 117,810 00          | 16,100 70              |
| <b>Total Structured Investments</b>   |             |        | <b>\$1,070,678.10</b> | <b>\$931,022.50</b> | <b>\$139,655.60</b>    |