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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

2009Department of the Treasury
Internal Revenue Service

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

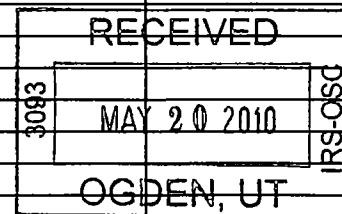
For calendar year 2009, or tax year beginning , and ending

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 TERRELL FOUNDATION FIRST FINANCIAL TRUST & ASSET MGMT		A Employer identification number 75-6036585
	Number and street (or P O box number if mail is not delivered to street address) Room/suite P O BOX 998		B Telephone number (see page 10 of the instructions) 215-918-6265
	City or town, state, and ZIP code STEPHENVILLE TX 76401		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 ☐
H Check type of organization ☐ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☒ Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 329,345 (Part I, column (d) must be on cash basis)		J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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)
Revenue				
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	3,987	3,987		
4 Dividends and interest from securities	4,144	4,144		
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10 STMT 1	-16,735			
b Gross sales price for all assets on line 6a 73,091				
7 Capital gain net income (from Part IV, line 2)		217		
8 Net short-term capital gain			0	
9 Income modifications				
10a Gross sales less returns & 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	-8,604	8,348	0	
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc				
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) STMT 2	575	575		
c Other professional fees (attach schedule) STMT 3	2,792	2,792		
17 Interest				
18 Taxes (attach schedule) (see page 14 of the instructions) STMT 4	108			
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (att sch)				
24 Total operating and administrative expenses. Add lines 13 through 23	3,475	3,367		0
25 Contributions, gifts, grants paid	16,850			16,850
26 Total expenses and disbursements. Add lines 24 and 25	20,325	3,367	0	16,850
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	-28,929			
b Net investment income (if negative, enter -0-)		4,981		
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)

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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				
	2	Savings and temporary cash investments		33,521	7,312	7,430
	3	Accounts receivable ▶				
		Less allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the instructions)				
	7	Other notes and loans receivable (att 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) STMT 5		86,898	80,945	86,302
	b	Investments—corporate stock (attach schedule) SEE STMT 6		105,479	118,366	141,205
	c	Investments—corporate bonds (attach schedule)				
	11	Investments—land, buildings, and equipment basis ▶				
	Less accumulated depreciation (attach sch) ▶					
12	Investments—mortgage loans					
13	Investments—other (attach schedule) SEE STATEMENT 7		98,481	88,877	94,408	
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)		324,379	295,500	329,345	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe ▶)				
	23	Total liabilities (add lines 17 through 22)		0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ ☒					
	and complete lines 27 through 31.					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
29	Retained earnings, accumulated income, endowment, or other funds		324,379	295,450		
30	Total net assets or fund balances (see page 17 of the instructions)		324,379	295,450		
31	Total liabilities and net assets/fund balances (see page 17 of the instructions)		324,379	295,450		

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	324,379
2	Enter amount from Part I, line 27a	2	-28,929
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	295,450
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	295,450

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a	217		217	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				217
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		2	217
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8		3	

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	18,342	338,752	0.054146
2007	18,000	380,904	0.047256
2006	17,388	362,727	0.047937
2005	18,228	359,350	0.050725
2004	17,636	367,260	0.048020
2 Total of line 1, column (d)			2 0.248084
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0.049617
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5			4 299,007
5 Multiply line 4 by line 3			5 14,836
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 50
7 Add lines 5 and 6			7 14,886
8 Enter qualifying distributions from Part XII, line 4			8 16,850

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.

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1. Date of ruling or determination letter. (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b	1	50
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0
3	Add lines 1 and 2	3	50
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	50
6	Credits/Payments		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	50
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be Credited to 2010 estimated tax ☐ Refunded ☐	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? If the answer is "Yes" to 1a or 1b , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
1c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. \$ _____ (2) On foundation managers \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
4b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) NONE		
8b 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		
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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? Website address ► N/A	13	X	
14	The books are in care of ► FIRST FINANCIAL BANK P O BOX 998 Located at ► STEPHENVILLE, TX	Telephone no ► 254-918-6262 ZIP+4 ► 76401		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—Check here and enter the amount of tax-exempt interest received or accrued during the year	► 15		

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes	☒ No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes	☒ No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes	☒ No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes	☒ No
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes	☒ No
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	☐ Yes	☒ No
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	
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? If "Yes," list the years ► 20 , 20 , 20 , 20	☐ Yes	☒ 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 ► 20 , 20 , 20 , 20		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes	☒ No
b	If "Yes," did it have excess business holdings in 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)? Organizations relying on a current notice regarding disaster assistance check here	N/A ☐	5b	
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? If "Yes," attach the statement required by Regulations section 53.4945-5(d)	N/A ☐ Yes ☐ No		
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No		
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If "Yes" to 6b, file Form 8870		6b	X
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b	

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (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
SEE STATEMENT 8				

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

1	N/A	
2		
3		
4		

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

1	N/A	
2		
3	All other program-related investments. See page 24 of the instructions	

Total. Add lines 1 through 3



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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	283,476
b	Average of monthly cash balances	1b	20,084
c	Fair market value of all other assets (see page 24 of the instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	303,560
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	303,560
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	4,553
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	299,007
6	Minimum investment return. Enter 5% of line 5	6	14,950

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

1	Minimum investment return from Part X, line 6	1	14,950
2a	Tax on investment income for 2009 from Part VI, line 5	2a	50
b	Income tax for 2009 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	50
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	14,900
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	14,900
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	14,900

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

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1a	16,850
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	16,850
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see page 26 of the instructions)	5	50
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	16,800

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

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

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				14,900
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			16,837	
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e				
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ 16,850				
a Applied to 2008, but not more than line 2a			16,837	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2009 distributable amount				13
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e Undistributed income for 2008 Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				14,887
7 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)				
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter.					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)**1 Information Regarding Foundation Managers:**

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

N/A

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.

N/A

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

Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number of the person to whom applications should be addressed.

TERREL FOUNDATION DAVID CASTLEBERRY 254-918-6265
P O BOX 998 STEPHENVILLE TX 76401

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

SEE STATEMENT 9

c Any submission deadlines:

NONE

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

GEOGRAPHICALLY LOCATED AROUND ERATH COUNTY, TEXAS

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE STATEMENT 10				16,850
Total			3a	16,850
b Approved for future payment N/A				
Total			3b	

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- 1** Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
- a** Transfers from the reporting foundation to a noncharitable exempt organization of
- (1) Cash
- (2) Other assets
- b** Other transactions
- (1) Sales of assets to a noncharitable exempt organization
- (2) Purchases of assets from a noncharitable exempt organization
- (3) Rental of facilities, equipment, or other assets
- (4) Reimbursement arrangements
- (5) Loans or loan guarantees
- (6) Performance of services or membership or fundraising solicitations
- c** Sharing of facilities, equipment, mailing lists, other assets, or paid employees
- d** If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

	Yes	No
1a(1)		X
1a(2)		X
1b(1)		X
1b(2)		X
1b(3)		X
1b(4)		X
1b(5)		X
1b(6)		X
1c		X

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

☐ Yes ☒ No

- b If "Yes," complete the following schedule**

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

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Signature of officer or trustee

5-14-10
Date

Trustee
Title

Sign Here

**Paid
Preparer's
Use Only**

Preparer's
signature

► *Ben Franklin*

Date _____

5-14-10

Check if
self-employed ►

Preparer's identifying
number (see **Signature** on
page 30 of the instructions)

Firm's name (or yours if self-employed), address, and ZIP code

BILL PARHAM, CPA
PO BOX 853
STEPHENVILLE, TX 76401-0853

EIN ▶ 75-1477074

Phone no 254-965-5115

Form **990-PF** (2009)

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets

Whom Sold	Description	Date Acquired	Date Sold	How Received		Cost	Expense	Depreciation	Net Gain / Loss
				Sale Price	PURCHASE				
ALLEGHENY TECHNOLOGIES		11/17/08	6/26/09	\$	2,406	\$	1,477	\$	929
APPLE COMPUTER INC		3/11/09	7/15/09		PURCHASE		933		533
APPLE COMPUTER INC		6/27/06	7/15/09		1,466		581		885
APPLIED MATERIALS INC		8/07/08	4/01/09		PURCHASE		3,358		-1,435
BANK OF AMERICA CORP		7/05/05	1/16/09		1,923		3,144		-2,656
BANK OF AMERICA CORP		8/10/05	1/16/09		PURCHASE		862		-723
BANK OF AMERICA CORP		12/28/05	1/16/09		139		743		-632
BANK OF AMERICA CORP		6/13/06	1/16/09		PURCHASE		331		-282
BANK OF AMERICA CORP		6/30/06	1/16/09		49		486		-417
BANK OF AMERICA CORP		6/30/08	1/16/09		PURCHASE		1,476		-1,051
BEST BUY INC		7/25/08	5/08/09		425		1,361		-45
BEST BUY INC		7/25/08	8/28/09		PURCHASE		778		-19
BEST BUY INC		7/25/08	8/31/09		PURCHASE		1,167		-83
BEST BUY INC		3/11/09	8/31/09		1,084		450		128
BHP BILLITON LTD		4/12/07	5/08/09		PURCHASE		499		46
DODGE & COX INCOME FD		6/27/07	3/11/09		545		4,946		-367
EMERSON ELECTRIC		6/16/04	4/24/09		PURCHASE		367		37
EMERSON ELECTRIC		6/27/07	4/24/09		404		519		-149
					370				

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets (continued)

Description		How Received		Expense	Depreciation	Net Gain / Loss
		Date Acquired	Date Sold	Cost		
Whom Sold						
EMERSON ELECTRIC		6/22/04	4/24/09	\$	\$	150
FNMA POOL #FN255318		7/27/04	1/25/09	362		7
FNMA POOL #FN255318		7/27/04	2/25/09	388		8
FNMA POOL #FN255318		7/27/04	3/25/09	419		9
FNMA POOL #FN255318		7/27/04	4/25/09	657		14
FNMA POOL #FN255318		7/27/04	5/25/09	485		10
FNMA POOL #FN255318		7/27/04	6/25/09	504		11
FNMA POOL #FN255318		7/27/04	7/25/09	554		12
FNMA POOL #FN255318		7/27/04	8/25/09	506		11
FNMA POOL #FN255318		7/27/04	9/25/09	502		10
FNMA POOL #FN255318		7/27/04	10/25/09	415		9
FNMA POOL #FN255318		7/27/04	11/25/09	480		10
FNMA POOL #FN255318		7/27/04	12/25/09	632		13
FEDERATED INVESTORS INC		6/20/08	4/21/09	3,706		-1,483
FEDERATED INVESTORS INC		6/26/09	12/15/09	4,000		41
FEDERATED MORTGAGE FUND		6/26/09	12/17/09	4,000		70
GUINNESS ATKINSON GLOBAL ENERGY		7/02/07	6/26/09	9,149		-3,106
MONSANTO CO		11/03/08	5/08/09	435		-4

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets (continued)

Description		Date Acquired	Date Sold	How Received		Cost	Expense	Depreciation	Net Gain / Loss
				Sale Price	PURCHASE				
PIMCO TOTAL RETURN FUND		4/21/08	3/11/09	\$	2,650	\$			
PIMCO TOTAL RETURN FUND		6/30/08	3/11/09		PURCHASE	2,906	\$		-256
PERDIGAO S A		3/11/08	2/03/09		1,858	1,989			-131
PERDIGAO S A		3/12/08	2/03/09		PURCHASE	998			-482
PERDIGAO S A		6/30/08	2/03/09		516	1,239			-620
ROYCE VALUE PLUS FUND INST		6/19/07	6/26/09		PURCHASE	2,131			-1,125
ROYCE VALUE PLUS FUND INST		6/27/07	6/26/09		6,522	11,286			-4,764
ROYCE VALUE PLUS FUND INST		6/30/08	6/26/09		PURCHASE	464			-192
VANGUARD TOTAL BOND MKT INDEX		6/30/08	3/11/09		1,049	1,429			-380
VANGUARD INTRM TERM BOND INDEX		4/21/08	3/11/09		PURCHASE	4,820			-24
VANGUARD INTRM TERM BOND INDEX		6/30/08	3/11/09		2,842	2,971			-129
VANGUARD INTERM-TERM INV GRADE		1/07/09	3/11/09		PURCHASE	1,916			-42
VANGUARD INTERM-TERM INV GRADE		6/26/09	12/09/09		2,017	2,085			-68
TRANSOCEAN LTD		12/09/08	6/26/09		PURCHASE	2,000			155
TOTAL				\$	72,874	\$			615
						89,826	\$	0	-16,952

Federal Statements

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INDIRECT ACCOUNTING FEES	\$ 575	\$ 575	\$	\$
TOTAL	\$ 575	\$ 575	\$ 0	\$ 0

Statement 3 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INDIRECT OTHER PROFESSIONAL FEES	\$ 2,792	\$ 2,792	\$	\$
TOTAL	\$ 2,792	\$ 2,792	\$ 0	\$ 0

Statement 4 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
INDIRECT TAXES/LICENSES	\$ 108	\$	\$	\$
TOTAL	\$ 108	\$ 0	\$ 0	\$ 0

Federal Statements

Statement 5 - Form 990-PF, Part II, Line 10a - US and State Government Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
FNMA POOL	\$ 26,655	\$ 20,752	COST	\$ 22,028
FHLB	34,594	34,729	COST	37,297
FNMA	25,649	25,464	COST	26,977
TOTAL	<u>\$ 86,898</u>	<u>\$ 80,945</u>		<u>\$ 86,302</u>

Statement 6 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
3M CO	\$ 4,339	\$ 4,339	COST	\$ 4,877
ALLEGHENY TECHNOLOGIES	1,477		COST	
APPLE COMPUTER CORP	1,512	930	COST	3,372
APPLIED MATERIALS	3,359		COST	
BANK OF AMERICA	7,043		COST	
BEST BUY	3,305		COST	
BHP BILLITON	4,188	3,690	COST	5,667
BOEING CO	5,612	6,581	COST	5,251
CATERPILLAR INC	4,769	6,412	COST	7,124
CISCO SYSTEMS	5,450	5,870	COST	5,267
CORE LABORATOREIS	2,920	3,480	COST	4,252
COSTCO WHOLESALE	2,722	3,197	COST	3,077
DEVON ENERGY	3,348	4,014	COST	3,749
DISNEY WALT CO	3,033	3,033	COST	3,967
EMERSON ELECTRIC	3,294	1,144	COST	1,619
FEDERATED INVESTORS	3,706		COST	
GLAXO SMITH KLINE	5,443	5,443	COST	4,310
HEINZ HJ CO	3,444	3,444	COST	3,207
INTEL	5,350	5,350	COST	4,304

Federal Statements

Statement 6 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
INTERNATIONAL BUSINESS MACHINES	\$ 3,530	\$ 3,530	COST	\$ 5,236
JOHNSON & JOHNSON	2,123	2,123	COST	5,282
MCDONALD CORP	1,475	1,475	COST	3,434
MONSANTO	3,218	2,783	COST	2,616
NASDAQ OMX	2,631	3,582	COST	2,497
NIKE	1,342	2,211	COST	3,304
PERDIAGAO SA	4,368		COST	
QUALCOMM INC	4,959	4,959	COST	5,273
SCHLUMBERGER	2,130	3,282	COST	4,426
STRYKER CORP	3,733	3,733	COST	3,778
TRANSOCEAN	1,656		COST	
ABBOTT LABORATORIES		2,817	COST	3,239
AFLAC INC		2,277	COST	3,700
AT&T INC		2,270	COST	2,579
COCA COLA INC		2,068	COST	2,964
COLGATE PALMOLIVE CO		2,036	COST	2,957
CONOCO PHILLIPS		2,560	COST	3,473
JP MORGAN CHASE & CO		2,476	COST	3,125
KRAFT FOODS INC		1,999	COST	2,555
MEDCO HEALTH SOLUTIONS		1,390	COST	1,917
VANGUARD FINANCIALS ETF		5,768	COST	8,567
VANGUARD INDEX TR REIT VIPER SHS		2,830	COST	3,803
VISA INC		2,426	COST	3,498
WAL MART STORES INC		2,844	COST	2,939
TOTAL	\$ 105,479	\$ 118,366		\$ 141,205

Federal Statements

Statement 7 - Form 990-PF, Part II, Line 13 - Other Investments

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Basis of Valuation</u>	<u>Fair Market Value</u>
DODGE & COX INCOME FUND	\$ 4,946	\$ 4,000	COST	\$ 4,208
DODGE & COX INTN STOCK FUND	12,013	14,669	COST	13,354
FIDELITY ADV DIVERSIFIED INTL CL I-C	9,612	11,718	COST	11,549
FEDERATED GOVT ULTRASHT DURATION FD		5,133	COST	5,133
GUINNESS ATKINSON GLOBAL ENG	9,149		COST	
J P MORGAN SMALL CAP EQUITY FD SEL-	10,037	10,345	COST	11,318
OPPENHEIMER DEVL MARKET	11,971	15,491	COST	14,293
PIMCO TOTAL RETURN	4,895	4,000	COST	4,126
ROYCE VALUE PLUS	13,179		COST	
S&P MIDCAP 400 INDEX	12,972		COST	
VANGUARD INTRM BOND INDEX	4,887		COST	
VANGUARD TOTAL BOND INDEX	4,820		COST	
ISHARES S & P MIDCAP 400 INDEX FUND		16,388	COST	23,171
PIMCO SHORT TERM FUND		5,133	COST	5,130
VANGUARD INTERM-TERM INV GRADE		2,000	COST	2,126
TOTAL	\$ 98,481	\$ 88,877		\$ 94,408

Federal Statements

Statement 8 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees, Etc.

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
J C TERRELL 1160 AZALEA STEPHENVILLE TX 76401	TRUSTEE	0.00	0	0	0
PENNY ELLIOTT 1841 OVERHILL STEPHENVILLE TX 76401	TRUSTEE	0.00	0	0	0
WILLIAM KENDALL NIX 5009 BENTWOOD COURT FORT WORTH TX 76132-1171	TRUSTEE	0.00	0	0	0
LES GANDY P O BOX 122 STEPHENVILLE TX 76401	TRUSTEE	0.00	0	0	0
GARY SULT 110-9 LINGLEVILLE RD STEPHENVILLE TX 76401	TRUSTEE	0.00	0	0	0
BRAD THOMPSON 270 N BELKNAP STEPHENVILLE TX 76401	TRUSTEE	0.00	0	0	0
NICKI BETH JONES 908 MOCKINGBIRD STEPHENVILLE TX 76401	TRUSTEE	0.00	0	0	0

Statement 9 - Form 990-PF, Part XV, Line 2b - Application Format and Required ContentsDescription

WRITTEN APPLICATION, DESCRIPTION OF ORGANIZATION,
SPECIFIC USE OF REQUESTED FUNDS, AND AMOUNT REQUESTED

Form 990-PF, Part XV, Line 2c - Submission DeadlinesDescription

NONE

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

GEOGRAPHICALLY LOCATED AROUND ERATH COUNTY, TEXAS

Federal Statements

Statement 10 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year

Name	Address	Relationship	Status	Purpose	Amount
ERATH COUNTY HUMANE SOCIE	891 EAST ROAD			CHARITABLE	1,000
STEPHENVILLE TX 76401					
ERATH COUNTY HABITAT FOR	P O BOX 505			CHARITABLE	2,000
STEPHENVILLE TX 76401					
HMEC HOSPITAL AUXILIARY	P O BOX 1399			CHARITABLE	550
STEPHENVILLE TX 76401					
CROSS TIMBERS FINE ARTS C	P O BOX 1172			CHARITABLE	2,000
STEPHENVILLE TX 76401					
MISTLETOE HUT GIRL SCOUTS	850 LYDIA			CHARITABLE	2,000
STEPHENVILLE TX 76401					
FIRST UNITED METHODIST TR	P O BOX 173			CHARITABLE	2,000
STEPHENVILLE TX 76401					
ERATH COUNTY SENIOR CITIZ	1306 E WASHINGTON ST			CHARITABLE	1,000
STEPHENVILLE TX 76401					
TEXAS TRAILS BOY SCOUTS	512 E ELM			CHARITABLE	2,000
STEPHENVILLE TX 76401					
HEART OF TEXAS GIRL SCOUT	P O BOX 1205			CHARITABLE	2,000
STEPHENVILLE TX 76401					
FRIENDS OF ECHO	3449 CR 149			CHARITABLE	500
BLUFF DALE TX 76443					
CITY OF DUBLIN, TX	213 E BLACKJACK ST			CHARITABLE	800
DUBLIN TX 76446					
RAMSEY CEMETERY ASSOCIATI	509 N COLUMBIA			CHARITABLE	500
STEPHENVILLE TX 76401					
STEPHENVILLE ISD	955 N CHARLOTTE AVE			CHARITABLE	500
STEPHENVILLE TX 76401					
TOTAL					16,850