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

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

, 2009, and ending

G Check all that apply

 Initial return Initial Return of a former public charity Final return Amended return Address change Name changeUse the
IRS label
Otherwise,
print
or type.
See Specific
Instructions.THE BONE HILL FOUNDATION
4000 S. MEDFORD DR.
LUFKIN, TX 75901

A Employer identification number

75-6279006

B Telephone number (see the instructions)

936-632-7771

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 foundationI Fair market value of all assets at end of year (from Part II, column (c), line 16) J Accounting method Cash Accrual
 Other (specify) ► \$ 4,176,022. (Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and

Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions).)

(a) Revenue and expenses per books (b) Net investment income (c) Adjusted net income (d) Disbursements for charitable purposes (cash basis only)

R E V E N U E	1 Contributions, gifts, grants, etc, received (att sch)	46,437.		
	2 Ck ► <input checked="" type="checkbox"/> if the foundn is not req to att Sch B			
	3 Interest on savings and temporary cash investments			
	4 Dividends and interest from securities	31,862.	31,862.	31,862.
	5a Gross rents b Net rental income or (loss)	45,065.	45,065.	45,065.
	6a Net gain/(loss) from sale of assets not on line 10 b Gross sales price for all assets on line 6a	11,959.		
	7 Capital gain net income (from Part IV, line 2)			
	8 Net short-term capital gain			
	9 Income modifications			
	10a Gross sales less returns and allowances b Less Cost of goods sold c Gross profit/(loss) (att sch)			
	11 Other income (attach schedule) SEE STATEMENT 1	84,565.		
	12 Total. Add lines 1 through 11	219,888.	76,927.	76,927.
A D M I N I S T R A T U R E O P E R A T I V E A N D E X P E N S E S S E	13 Compensation of officers, directors, trustees, etc	0.		
	14 Other employee salaries and wages			
	15 Pension plans, employee benefits			
	16a Legal fees (attach schedule) SEE ST b Accounting fees (attach sch) SEE STM c Other prof fees (attach sch) SEE STM	27,906.	7,412.	
	17 Interest	19,755.	5,248.	
	18 Taxes (attach schedule) SEE STM	10,561.	9,521.	
	19 Depreciation (attach sch) and depletion	9,337.	9,337.	
	20 Occupancy			
	21 Travel, conferences, and meetings			
	22 Printing and publications			
	23 Other expenses (attach schedule) SEE STATEMENT 6	11,291.	11,291.	
	24 Total operating and administrative expenses. Add lines 13 through 23	51,490.	54,979.	
	25 Contributions, gifts, grants paid PART XV	130,340.	97,788.	
	26 Total expenses and disbursements. Add lines 24 and 25	106,000.		106,000.
	27 Subtract line 26 from line 12: a Excess of revenue over expenses and disbursements b Net investment income (if negative, enter -0-) c Adjusted net income (if negative, enter -0-)	236,340.	97,788.	0.
		-16,452.	0.	106,000.
				76,927.

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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
ASSETS	1	7,085.	12,413.	12,413.
	2			
	3			
	4			
	5			
	6			
	7			
	8			
	9			
	10a			
	b			
	c			
	11			
	12			
	13	1,579,330.	1,504,449.	1,466,864.
	14	2,696,745.		
Less: accumulated depreciation (attach schedule) SEE STMT 7	2,623,735.	2,696,745.	2,696,745.	
15	4,952.			
16 Total assets (to be completed by all filers – see instructions Also, see page 1, item I)	4,215,102.	4,213,607.	4,176,022.	
LIABILITIES	17			
	18			
	19			
	20			
	21	231,587.	175,491.	
	22			
	23 Total liabilities (add lines 17 through 22)	231,587.	175,491.	
NET FUND BALANCES	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.			
	24			
	25			
	26			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.			
	27	3,983,515.	4,038,116.	
	28			
	29			
	30 Total net assets or fund balances (see the instructions)	3,983,515.	4,038,116.	
	31 Total liabilities and net assets/fund balances (see the instructions)	4,215,102.	4,213,607.	

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	3,983,515.
2	Enter amount from Part I, line 27a	2	-16,452.
3	Other increases not included in line 2 (itemize) ► SEE STATEMENT 8	3	71,053.
4	Add lines 1, 2, and 3	4	4,038,116.
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	4,038,116.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)		(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1 a N/A				
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				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any		
a				
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	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6).	If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8		3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes No

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

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2008	174,000.	1,672,007.	0.104067
2007	219,109.	4,059,332.	0.053977
2006	167,000.	3,915,457.	0.042651
2005	155,000.	3,294,297.	0.047051
2004	155,000.	3,408,057.	0.045480

2 Total of line 1, column (d)

2 0.293226

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 0.058645

4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5

4 1,451,889.

5 Multiply line 4 by line 3

5 85,146.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6

7 Add lines 5 and 6

7 85,146.

8 Enter qualifying distributions from Part XII, line 4

8 106,000.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions

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

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

Part VII-A | Statements Regarding Activities

1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?

	Yes	No
1 a		X

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?

		X
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If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.

c Did the foundation file **Form 1120-POL** for this year?

--	--	--

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year

		0.
--	--	----

(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

		0.
--	--	----

foundation managers ► \$ _____ 0.

2 Has the foundation engaged in any activities that have not previously been reported to the IRS?

If 'Yes,' attach a detailed description of the activities

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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

--	--	--

4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?

--	--	--

b If 'Yes,' has it filed a tax return on **Form 990-T** for this year?

--	--	--

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?

If 'Yes,' attach the statement required by General Instruction T.

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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?

--	--	--

7 Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XV

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8 a Enter the states to which the foundation reports or with which it is registered (see the instructions)

TX

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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

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9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If 'Yes,' complete Part XIV

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10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses

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Part VII-A Statements Regarding Activities Continued

11		X
12		X
13	X	
14	TED A. LANKFORD	Telephone no 936-632-7771
	Located at 4000 S. MEDFORD LUFKIN TX	ZIP + 4 75901
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	N/A ► 15 N/A

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<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 type="checkbox"/> Yes	<input checked="" 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 the instructions)?	1b	N/A
	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?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	If 'Yes,' list the years ► 20__ , 20__ , 20__ , 20__ .		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement – see the instructions)	2b	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?	<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)	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?	4b	X

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))?
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?
- (3) Provide a grant to an individual for travel, study, or other similar purposes?
- (4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)
- (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 Yes No Yes No Yes No Yes No

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

5b N/A

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

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

N/A Yes No

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

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

 Yes No

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

If 'Yes' to 6b, file Form 8870

6b X

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

 Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

7b N/A

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 9 -----		0.	0.	0.

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

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

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

► 0

Part VIII: Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services – (see 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

0

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 instructions)

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

Amount

1	N/A	
2		

All other program-related investments. See instructions.

3 Total Add lines 1 through 3. 0

Total. Add lines 1 through 3

0.

BAA

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

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

1a	1,315,533.
1b	158,466.
1c	
1d	1,473,999.
1e	0.
2	0.
3	1,473,999.
4	22,110.
5	1,451,889.
6	72,594.

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

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

1	72,594.
2a	
2b	
2c	
3	72,594.
4	
5	72,594.
6	
7	72,594.

Part XII Qualifying Distributions (see instructions)

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

1a	106,000.
1b	
2	
3a	
3b	
4	106,000.
5	
6	106,000.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				72,594.
2 Undistributed income, if any, as of the end of 2009:				
a Enter amount for 2008 only			81,284.	
b Total for prior years: 20____, 20____, 20____		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e		0.		
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 106,000.			81,284.	
a Applied to 2008, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)		0.		
c Treated as distributions out of corpus (Election required – see instructions)	0.			
d Applied to 2009 distributable amount			24,716.	
e Remaining amount distributed out of corpus	0.			0.
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	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount – see instructions		0.		
e Undistributed income for 2008 Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				47,878.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

BAA

Form 990-PF (2009)

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

N/A

Part XV **Supplementary Information** (Complete this part only if the organization had \$5,000 or more in assets at any time during the year – see instructions.)

1. Information Regarding Foundation Managers:

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

4012

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest
NONE

NINE

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

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

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

- b** The form in which applications should be submitted and information and materials they should include.

- ### c Any submission deadlines

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

Part XVII **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)				
<i>a Paid during the year</i>				
SEE STATEMENT 10				
Total			► 3a	106,000.
<i>b Approved for future payment</i>				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	31,862.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property			12	45,065.	
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			15	23,259.	
8 Gain or (loss) from sales of assets other than inventory	523000	-5,202.			17,161.
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a <u>LAND DAMAGES</u>			12	46,437.	
b <u>MISCELLANEOUS INCOME</u>	900099	3,969.			
c <u>SCHOLARSHIP RETURNS</u>			12	10,900.	
d					
e					
12 Subtotal Add columns (b), (d), and (e)		-1,233.		157,523.	17,161.
13 Total Add line 12, columns (b), (d), and (e)				13	173,451.

(See worksheet in the instructions for line 13 to verify calculations.)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See the instructions.)
N/A	

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.

	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	

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

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

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		Date	► CHAIRMAN	
			Title	
Paid Pre- parer's Use Only	Preparer's signature	<i>John L. Campbell</i> <i>John L. Campbell Oct 8/6/10</i>	Date	Preparer's Identifying number (See Signature in the instrs)
	Firm's name (or yours if self- employed), address, and ZIP code		<input type="checkbox"/> self- employed	<input type="checkbox"/> P01060941
	ALEXANDER, LANKFORD & HIERS, INC.		EIN	► 75-1407510
	4000 S MEDFORD DR		Phone no	► (936) 632-7771
	LUFKIN, TX 75901			

BAA

Form 990-PF (2009)

2009

FEDERAL STATEMENTS

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THE BONE HILL FOUNDATION

75-6279006

8/05/10

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STATEMENT 1
FORM 990-PF, PART I, LINE 11
OTHER INCOME

	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
LAND DAMAGES	\$ 46,437.		
MISCELLANEOUS INCOME	3,969.		
OTHER INVESTMENT INCOME	23,259.		
SCHOLARSHIP RETURNS	10,900.		
TOTAL	\$ 84,565.	\$ 0.	\$ 0.

STATEMENT 2
FORM 990-PF, PART I, LINE 16A
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
HAYS & OWENS	\$ 22,448.	\$ 5,963.		
SHIRES & METTAUER	5,458.	1,449.		
TOTAL	\$ 27,906.	\$ 7,412.	\$ 0.	\$ 0.

STATEMENT 3
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ALEXANDER, LANKFORD & HIERS, INC.	\$ 19,755.	\$ 5,248.		
TOTAL	\$ 19,755.	\$ 5,248.	\$ 0.	\$ 0.

STATEMENT 4
FORM 990-PF, PART I, LINE 16C
OTHER PROFESSIONAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
APPRAISAL FEES	\$ 1,017.	\$ 270.		
COMMISSIONS	400.	107.		
INVESTMENT FEES	9,144.	9,144.		
TOTAL	\$ 10,561.	\$ 9,521.	\$ 0.	\$ 0.

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THE BONE HILL FOUNDATION

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STATEMENT 5
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER TAXES	\$ 11,291.	\$ 11,291.	\$ 0.	\$ 0.
TOTAL	<u>\$ 11,291.</u>	<u>\$ 11,291.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

STATEMENT 6
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
AMORTIZATION	\$ 1,695.	\$ 1,695.		
DEPLETION EXPENSE		3,489.		
INSURANCE	3,100.	3,100.		
MISCELLANEOUS	2.	2.		
OFFICE EXPENSES	10.	10.		
PROMOTION	5,000.	5,000.		
RENTAL EXPENSES	2,764.	2,764.		
REPAIRS & MAINTENANCE	35,890.	35,890.		
SEVERANCE TAXES/OTHER DEDUCTIONS	3,029.	3,029.		
TOTAL	<u>\$ 51,490.</u>	<u>\$ 54,979.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

STATEMENT 7
FORM 990-PF, PART II, LINE 14
LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
IMPROVEMENTS	\$ 24,872.	\$ 0.	\$ 24,872.	\$ 24,872.
LAND	2,597,773.		2,597,773.	2,597,773.
MISCELLANEOUS	74,100.	0.	74,100.	74,100.
TOTAL	<u>\$ 2,696,745.</u>	<u>\$ 0.</u>	<u>\$ 2,696,745.</u>	<u>\$ 2,696,745.</u>

STATEMENT 8
FORM 990-PF, PART III, LINE 3
OTHER INCREASES

ASSET APPRAISAL INCREMENT

TOTAL \$ 71,053.

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THE BONE HILL FOUNDATION

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STATEMENT 9

FORM 990-PF, PART VIII, LINE 1

LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
RICK L. CAMPBELL PO BOX 2108 CENTER, TX 75935	CHAIRMAN 0	\$ 0.	\$ 0.	\$ 0.
WILL LUCAS PO BOX 1806 CENTER, TX 75935	TRUSTEE 0	0.	0.	0.
DEWEY HOWARD 1785 FM 138 CENTER, TX 75935	TRUSTEE 0	0.	0.	0.
TED A. LANKFORD 4000 S. MEDFORD DR. LUFKIN, TX 75901	TREASURER 0	0.	0.	0.
BOB REEVES PO BOX 2227 CENTER, TX 75935	TRUSTEE 0	0.	0.	0.
LISA MCADAMS 1917 LAKEWOOD DR. CENTER, TX 75935	SECRETARY 0	0.	0.	0.
DR. GARY D. KRONRAD 6050 OLD SHADY ROAD NACOGDOCHES, TX 75961	TRUSTEE 0	0.	0.	0.
TOTAL		\$ 0.	\$ 0.	\$ 0.

STATEMENT 10

FORM 990-PF, PART XV, LINE 3A

RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
CENTER ISD 404 MOSBY CENTER, TX 75935	N/A	N/A	EDUCATION	\$ 40,000.
JOAQUIN ISD HWY 84 JOAQUIN, TX 75954	N/A	N/A	EDUCATION	7,000.

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STATEMENT 10 (CONTINUED)
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND- ATION STATUS	PURPOSE OF GRANT	AMOUNT
SHELBYVILLE ISD ROAD 417 WEST SHELBYVILLE, TX 75973	N/A	N/A	EDUCATION	\$ 8,000.
TENAHA ISD 1 TIGER DR. TENAHA, TX 75974	N/A	N/A	EDUCATION	6,000.
TIMPSON ISD PO DRAWER 370 TIMPSON, TX 75975	N/A	N/A	EDUCATION	6,000.
PANOLA COLLEGE PO BOX 248 CENTER, TX 75935	N/A	N/A	EDUCATION	6,000.
STEPHEN F. AUSTIN STATE UNIV. PO BOX 6078 NACOGDOCHES, TX 75962	N/A	N/A	EDUCATION	23,000.
SHELBY REGIONAL TRAINING CENTE 618 ROUGH RIDER DR. CENTER, TX 75935	N/A	N/A	EDUCATION	5,000.
ANGELINA COLLEGE PO BOX 1768 LUFKIN, TX 75902	N/A	N/A	EDUCATION	5,000.
				TOTAL \$ <u>106,000.</u>

2009

FEDERAL PRIVATE FOUNDATION TAX SUMMARY

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THE BONE HILL FOUNDATION

75-6279006

8/05/10

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	2009	2008	DIFF
REVENUE PER BOOKS			
CONTRIBUTIONS, GIFTS, AND GRANTS	46,437	150	46,287
DIVIDENDS & INTEREST FROM SECURITIES.	31,862	50,239	-18,377
GROSS RENTS	45,065	26,709	18,356
NET GAIN (LOSS) - NONINV. ASSETS/DISP	11,959	177,015	-165,056
OTHER INCOME	84,565	114,575	-30,010
TOTAL REVENUE	219,888	368,688	-148,800
EXPENSES PER BOOKS			
LEGAL FEES	27,906	71,189	-43,283
ACCOUNTING FEES	19,755	22,425	-2,670
OTHER PROFESSIONAL FEES	10,561	12,952	-2,391
INTEREST	9,337	11,317	-1,980
TAXES	11,291	17,438	-6,147
OTHER EXPENSES	51,490	49,806	1,684
TOTAL OPERATING/ADMINISTRATIVE EXP	130,340	185,127	-54,787
CONTRIBUTIONS, GIFTS, GRANTS PAID	106,000	174,000	-68,000
TOTAL EXPENSES	236,340	359,127	-122,787
EXCESS OF REVENUE OVER EXPENSES.	-16,452	9,561	-26,013
NET INVESTMENT REVENUE			
DIVIDENDS & INTEREST FROM SECURITIES	31,862	50,239	-18,377
GROSS RENTS	45,065	26,709	18,356
TOTAL REVENUE	76,927	76,948	-21
NET INVESTMENT EXPENSES			
LEGAL FEES	7,412	14,715	-7,303
ACCOUNTING FEES	5,248	4,635	613
OTHER PROFESSIONAL FEES	9,521	12,952	-3,431
INTEREST	9,337	11,317	-1,980
TAXES	11,291	17,438	-6,147
OTHER EXPENSES	54,979	65,276	-10,297
TOTAL OPERATING/ADMINISTRATIVE EXP	97,788	126,333	-28,545
TOTAL EXPENSES	97,788	126,333	-28,545
NET INVESTMENT INCOME	0	0	0
TAX COMPUTATION			
TAX ON INVESTMENT INCOME	0	0	0
PAYMENTS AND CREDITS			
ESTIMATED TAX PAYMENTS	0	892	-892
TOTAL PAYMENTS AND CREDITS	0	892	-892
REFUND OR AMOUNT DUE			
OVERPAYMENT	0	892	-892
TAX DUE	0	0	0
REFUND	0	892	-892
ADJUSTED NET INCOME REVENUE			
DIVIDENDS & INTEREST FROM SECURITIES	31,862	50,239	-18,377
GROSS RENTS	45,065	26,709	18,356
TOTAL REVENUE	76,927	76,948	-21

Application for Extension of Time To File an
Exempt Organization Return

OMB No. 1545-1709

Department of the Treasury
Internal Revenue Service

► File a separate application for each return.

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box ►
- If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).A corporation required to file Form 990-T and requesting an automatic 6-month extension – check this box and complete Part I only.... ►

All other corporations (including 1120-C filers), partnerships, REMICS, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits.

Type or print	Name of Exempt Organization THE BONE HILL FOUNDATION	Employer identification number 75-6279006
File by the due date for filing your return. See instructions.	Number, street, and room or suite number. If a P.O. box, see instructions. 4000 S. MEDFORD DR.	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. LUFKIN, TX 75901	

Check type of return to be filed (file a separate application for each return):

- | | | |
|---|--|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (section 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

- The books are in the care of. ► TED A. LANKFORD

Telephone No. ► 936-632-7771 FAX No. ► 936-637-2448

- If the organization does not have an office or place of business in the United States, check this box..... ►
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box. ► . If it is for part of the group, check this box. ► and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 8/15, 20 10, to file the exempt organization return for the organization named above.

The extension is for the organization's return for:

- calendar year 20 09 or
- tax year beginning _____, 20 ___, and ending _____, 20 ____.

2 If this tax year is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.....	3a \$ <u>0.</u>
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.....	3b \$ <u>0.</u>
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.....	3c \$ <u>0.</u>

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

BAA For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form 8868 (Rev. 4-2009)

Ted A. Lankford CPT 5/11/10
ALEXANDER, LANKFORD & HIERS, INC.
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
4000 S. MEDFORD DRIVE
LUFKIN, TEXAS 75901
75-1407510