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

2009

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

For calendar year 2009, or tax year beginning AUG 1, 2009, and ending JUL 31, 2010

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 ELMER MCKENNEY SCHOLARSHIP TRUST		A Employer identification number 75-6319992
	Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	B Telephone number 325 627-7100
	City or town, state, and ZIP code ABILENE, TX 79604		C If exemption application is pending, check here <input type="checkbox"/> D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input type="checkbox"/> Section 501(c)(3) exempt private foundation <input checked="" type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 195,044.		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B					
3 Interest on savings and temporary cash investments		2,954.	2,954.		STATEMENT 1
4 Dividends and interest from securities		3,316.	3,316.		STATEMENT 2
5a Gross rents		2,428.	2,428.		STATEMENT 3
b Net rental income or (loss) 1,754.					STATEMENT 4
6a Net gain or (loss) from sale of assets not on line 10		2,191.			
b Gross sales price for all assets on line 6a 118,240.					
7 Capital gain net income (from Part IV, line 2)			2,191.		
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 or (loss)					
11 Other income		585.	585.		STATEMENT 5
12 Total. Add lines 1 through 11		11,474.	11,474.		
13 Compensation of officers, directors, trustees, etc.		2,100.	0.		2,100.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 6		1,775.	0.		1,775.
c Other professional fees STMT 7		124.	124.		0.
17 Interest					
18 Taxes STMT 8		272.	272.		0.
19 Depreciation and depletion		88.	88.		
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 9		563.	408.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		4,922.	892.		3,875.
25 Contributions, gifts, grants paid		3,765.			3,765.
26 Total expenses and disbursements. Add lines 24 and 25		8,687.	892.		7,640.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		2,787.			
b Net investment income (if negative, enter -0-)			10,582.		
c Adjusted net income (if negative, enter -0-)				N/A	

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	8,484.	5,662.	5,662.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	672.		
	10a Investments - U.S. and state government obligations STMT 12	53,019.	11,742.	12,744.
	b Investments - corporate stock STMT 13	0.	86,243.	88,555.
	c Investments - corporate bonds STMT 14	24,062.	24,147.	26,969.
Liabilities	11 Investments - land, buildings, and equipment basis ▶ 15,930.			
	Less: accumulated depreciation ▶	15,930.	15,930.	38,850.
	12 Investments - mortgage loans			
	13 Investments - other STMT 15	58,015.	19,528.	20,308.
	14 Land, buildings, and equipment basis ▶			
	Less: accumulated depreciation ▶			
	15 Other assets (describe ▶ STATEMENT 16)	357.	161.	1,956.
	16 Total assets (to be completed by all filers)	160,539.	163,413.	195,044.
	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			
	22 Other liabilities (describe ▶ ROUNDING)	8.	6.	
	23 Total liabilities (add lines 17 through 22)	8.	6.	
Net Assets or Fund Balances	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	165,515.	167,794.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	<4,984.>	<4,387.>	
	30 Total net assets or fund balances	160,531.	163,407.	
	31 Total liabilities and net assets/fund balances	160,539.	163,413.	

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	160,531.
2 Enter amount from Part I, line 27a	2	2,787.
3 Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 11	3	89.
4 Add lines 1, 2, and 3	4	163,407.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	163,407.

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 SEE ATTACHED STATEMENTS			
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 118,240.		116,049.	2,191.

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			2,191.

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	2,191.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	}	3	N/A

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

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

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

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

☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2008	8,445.	174,386.	.048427
2007	12,775.	181,036.	.070566
2006	11,872.	176,638.	.067211
2005	8,371.	174,500.	.047971
2004	6,292.	172,806.	.036411

2 Total of line 1, column (d)	2	.270586
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	.054117
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	189,110.
5 Multiply line 4 by line 3	5	10,234.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	106.
7 Add lines 5 and 6	7	10,340.
8 Enter qualifying distributions from Part XII, line 4	8	7,640.

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 instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> 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 <input type="checkbox"/> and enter 1% of Part I, line 27b		1	212.
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	212.
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	212.
6 Credits/Payments:			
a 2009 estimated tax payments and 2008 overpayment credited to 2009	6a	160.	
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	160.	
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	52.	
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 <input type="checkbox"/> Refunded <input type="checkbox"/>	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
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c 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. <input type="checkbox"/> \$ 0. (2) On foundation managers. <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ 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	2	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	3	X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	4b	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.	5	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?	6	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.	7	X
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> TX		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? If "Yes," complete Part XIV	9	X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10	X

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	X	
14	The books are in care of ► FIRST FINANCIAL ASSET & TRUST MGMT Telephone no. ► 325-627-7100 Located at ► P. O. BOX 701, ABILENE, TX ZIP+4 ► 79604-0701			
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		0.

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 page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	1b
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		1c
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 ►		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	N/A	2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<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	3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a
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

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No

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

N/A

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

X

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.

(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
FIRST FINANCIAL TRUST & ASSET MGMT P. O. BOX 701 ABILENE, TX 796040701	TRUSTEE 1.00	2,100.	0.	0.

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

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

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

0

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Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3** Five highest-paid independent contractors for professional services. 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 NONE	
	0.
2	
3	
4	

Part IX-B Summary of Program-Related Investments

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

	Amount
1 N/A	
	0.
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	141,793.
b	Average of monthly cash balances	1b	12,234.
c	Fair market value of all other assets	1c	37,963.
d	Total (add lines 1a, b, and c)	1d	191,990.
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	191,990.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	2,880.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	189,110.
6	Minimum investment return. Enter 5% of line 5	6	9,456.

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

1	Minimum investment return from Part X, line 6	1	9,456.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	212.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	212.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	9,244.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	9,244.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	9,244.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	7,640.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	7,640.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	7,640.

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.

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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				9,244.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			1,556.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4: ► \$ 7,640.				
a Applied to 2008, but not more than line 2a			1,556.	
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				6,084.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010				3,160.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

Part 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 ANGELO STATE UNIVERSITY 2601 WEST AVE N SAN ANGELO, TX 76909	NONE	UNIVERSITY	SCHOLARSHIP	1,506.
CISCO JUNIOR COLLEGE 717 E. INDUSTRIAL BLVD ABILENE, TX 79602	NONE	UNIVERSITY	SCHOLARSHIP	753.
TEXAS TECH UNIVERSITY 2500 BROADWAY LUBBOCK, TX 79409	NONE	UNIVERSITY	SCHOLARSHIP	753.
WEST TEXAS A & M UNIVERSITY 2501 4TH AVE CANYON, TX 79016	NONE	UNIVERSITY	SCHOLARSHIP	753.
Total			3a	3,765.
b Approved for future payment NONE				
Total			3b	0.

ELMER MCKENNEY SCHOLARSHIP TRUST

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 54 SHS AFLAC INC	P	11/12/09	04/19/10
b 29 SHS BHP BILLITON LTD	P	11/12/09	01/22/10
c 48 SHS BP AMOCO	P	04/27/10	06/07/10
d 402 COMMON TRUST FUND A	P	07/09/03	11/03/09
e 173 COMMON TRUST FUND A	P	10/31/08	11/03/09
f 60 SHS CONOCOPHILLIPS	P	11/12/09	04/27/10
g DODGE & COX INCOME FD	P	10/26/09	11/09/09
h DODGE & COX INTL STOCK FD	P	02/16/07	10/27/09
i 18 SHS EMERSON ELECTRIC	P	11/12/09	05/12/10
j FHLMC POOL #FGG12317 5.5% 8/01/21	P	01/26/07	01/15/10
k FIDELITY ADV DIVERSIFIED INTL	P	12/08/05	10/27/09
l FNMA 6% 5/15/11	P	05/23/07	10/30/09
m 54 SHS GENERAL MILLS	P	11/12/09	06/17/10
n 53 SHS GLAXO SMITH KLINE	P	11/12/09	05/20/10
o ISHARES S & P MIDCAP 400 INDEX FD	P	10/24/08	10/29/09

(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 3,018.		2,272.	746.
b 2,333.		1,986.	347.
c 1,772.		2,853.	<1,081.>
d 15,262.		18,684.	<3,422.>
e 6,568.		5,909.	659.
f 3,366.		3,103.	263.
g 3,614.		3,519.	95.
h 1,679.		1,984.	<305.>
i 857.		742.	115.
j 5,709.		5,688.	21.
k 1,598.		1,464.	134.
l 37,765.		35,453.	2,312.
m 2,062.		1,783.	279.
n 1,805.		2,145.	<340.>
o 1,664.		1,210.	454.

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			746.
b			347.
c			<1,081.>
d			<3,422.>
e			659.
f			263.
g			95.
h			<305.>
i			115.
j			21.
k			134.
l			2,312.
m			279.
n			<340.>
o			454.

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). If (loss), enter "-0-" in Part I, line 8 }	3	

ELMER MCKENNEY SCHOLARSHIP TRUST

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 ISHARES S & P MIDCAP 400 INDEX FD	P	10/31/08	10/29/09
b J P MORGAN SMALL CAP EQTY FD	P	06/25/03	10/27/09
c 12 SHS LILLY ELI & CO	P	10/29/09	03/02/10
d 41 SHS NEXTERA ENERGY INC	P	11/12/09	07/23/10
e PIMCO TOTAL RETURN FD	P	04/21/08	11/09/09
f 28 SHS TELEFONICA S.A.	P	11/12/09	11/19/09
g VANGUARD EMERGING MARKETS ETF	P	05/18/09	10/29/09
h VANGUARD INTERM-TERM INV GRADE FD	P	07/16/09	11/09/09
i VANGUARD INTERM-TERM INV GRADE FD	P	01/07/09	12/10/09
j VANGUARD INTRM TERM BOND INDEX FD	P	04/21/08	11/09/09
k VANGUARD INTRM TERM BOND INDEX FD	P	10/15/08	11/27/09
l VANGUARD TOTAL BOND MKT INDEX FD	P	10/15/08	11/09/09
m VANGUARD TOTAL BOND MKT INDEX FD	P	10/15/08	11/27/09
n LTCG FROM MUTUAL FUNDS	P		
o STCG FROM COMMON TRUST FUND A	P		

(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 1,734.		1,412.	322.
b 1,775.		1,423.	352.
c 407.		408.	<1.>
d 2,143.		2,048.	95.
e 3,172.		3,161.	11.
f 2,435.		2,330.	105.
g 1,845.		1,412.	433.
h 2,142.		2,030.	112.
i 1,505.		1,337.	168.
j 3,402.		3,330.	72.
k 3,028.		2,663.	365.
l 3,153.		2,932.	221.
m 3,007.		2,768.	239.
n 14.			14.
o <222.>			<222.>

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			322.
b			352.
c			<1.>
d			95.
e			11.
f			105.
g			433.
h			112.
i			168.
j			72.
k			365.
l			221.
m			239.
n			14.
o			<222.>

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). If (loss), enter "-0-" in Part I, line 8 }	3	

ELMER MCKENNEY SCHOLARSHIP TRUST

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 LTCG FROM COMMON TRUST FUND A	P		
b AIG CLASS ACTION STLMNT	P		
c			
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

(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 <373.>			<373.>
b 1.			1.
c			
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a			<373.>
b			1.
c			
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

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	2,191.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8 }	3	N/A

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
TOTAL	2,954.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	2,954.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
TOTAL	3,316.	0.	3,316.
TOTAL TO FM 990-PF, PART I, LN 4	3,316.	0.	3,316.

FORM 990-PF RENTAL INCOME STATEMENT 3

KIND AND LOCATION OF PROPERTY	ACTIVITY NUMBER	GROSS RENTAL INCOME
427.6 ACRES, HASKELL, TX	1	2,428.
TOTAL TO FORM 990-PF, PART I, LINE 5A		2,428.

FORM 990-PF RENTAL EXPENSES STATEMENT 4

DESCRIPTION	ACTIVITY NUMBER	AMOUNT	TOTAL
AD VALOREM TAX		199.	
MAINTENANCE		23.	
INSURANCE		328.	
TRUSTEE FEE		124.	
- SUBTOTAL -	1		674.
TOTAL RENTAL EXPENSES			674.
NET RENTAL INCOME TO FORM 990-PF, PART I, LINE 5B			1,754.

FORM 990-PF	OTHER INCOME		STATEMENT	5
DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	
.0240625 RI HASKELL CO, TX	585.	585.		
TOTAL TO FORM 990-PF, PART I, LINE 11	585.	585.		

FORM 990-PF	ACCOUNTING FEES		STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CONDLEY AND COMPANY, L.L.P.	1,775.	0.		1,775.
TO FORM 990-PF, PG 1, LN 16B	1,775.	0.		1,775.

FORM 990-PF	OTHER PROFESSIONAL FEES		STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TRUSTEE FEE	124.	124.		0.
TO FORM 990-PF, PG 1, LN 16C	124.	124.		0.

FORM 990-PF	TAXES		STATEMENT	8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	73.	73.		0.
AD VALOREM TAX	199.	199.		0.
TO FORM 990-PF, PG 1, LN 18	272.	272.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT	9
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
GROSS PRODUCTION TAXES	27.	27.		0.	
MINERAL INTEREST FEES	30.	30.		0.	
EXCISE TAX	155.	0.		0.	
MAINTENANCE	23.	23.		0.	
INSURANCE	328.	328.		0.	
TO FORM 990-PF, PG 1, LN 23	563.	408.		0.	
FOOTNOTES					
					STATEMENT 10

PART XV, PAGE 9, LINE 2A

MRS. ISABEL ANDERSON
3639 SAYLES BLVD.
ABILENE, TEXAS 79602
325-691-1000

MRS. MARILYN CLUCK
842 N. MOCKINGBIRD
ABILENE, TEXAS 79603
325-677-1444

MRS. BILLIE MCKEEVER
600 N. AVENUE E
HASKELL, TEXAS 79521
940-864-2848

FORM 990-PF	OTHER INCREASES IN NET ASSETS OR FUND BALANCES	STATEMENT	11
DESCRIPTION		AMOUNT	
PERCENTAGE DEPLETION		88.	
ROUNDING		1.	
TOTAL TO FORM 990-PF, PART III, LINE 3		89.	

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS			STATEMENT 12
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
GOVT AGENCY OBLIGATIONS	X		11,742.	12,744.
TOTAL U.S. GOVERNMENT OBLIGATIONS			11,742.	12,744.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			11,742.	12,744.

FORM 990-PF	CORPORATE STOCK	STATEMENT	13
DESCRIPTION		BOOK VALUE	FAIR MARKET VALUE
EQUITIES		86,243.	88,555.
TOTAL TO FORM 990-PF, PART II, LINE 10B		86,243.	88,555.

FORM 990-PF	CORPORATE BONDS	STATEMENT	14
DESCRIPTION		BOOK VALUE	FAIR MARKET VALUE
CORPORATE OBLIGATIONS		24,147.	26,969.
TOTAL TO FORM 990-PF, PART II, LINE 10C		24,147.	26,969.

FORM 990-PF		OTHER INVESTMENTS	STATEMENT 15
DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
COMMON TRUST FUNDS	FMV	0.	0.
MUTUAL FUNDS	FMV	19,528.	20,308.
TOTAL TO FORM 990-PF, PART II, LINE 13		19,528.	20,308.

FORM 990-PF	OTHER ASSETS		STATEMENT 16
DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
MINERAL INTERESTS	1.	1.	1,796.
PREPAID INCOME TAX	40.	160.	160.
PURCHASED INTEREST	316.	0.	0.
TO FORM 990-PF, PART II, LINE 15	357.	161.	1,956.

GUIDELINES FOR
THE MCKENNEY SCHOLARSHIP FUND
SCHOLARSHIP AWARDS

NATURE OF AWARD

The McKenney Scholarship Trust will grant three \$1000 scholarships to 1988 graduating seniors from Abilene High School, and three to 1988 graduating seniors at Cooper High School. The purpose of these awards is to provide financial assistance to deserving students to enable them to continue their education. A further purpose is to give recognition to students with outstanding academic achievement.

This scholarship program is supported by the McKenney Scholarship Trust, and it will be administered by the Trustees of the Trust.

QUALIFICATIONS

In order to be eligible for this scholarship, an applicant must

- . be a graduating senior from Abilene High School, Cooper High School, or Haskell High School
- . have a grade point average of 85 or above during the senior year
- . exemplify good citizenship
- . attend a degree-granting institution (junior or senior college or university)
- . demonstrate serious purpose in the pursuit of knowledge
- . have a need for financial assistance in order to continue education

**APPLICATION
PROCEDURE**

Students applying for these scholarships must

- . submit a completed application form

- . submit a copy of the official high school transcript, showing estimated grade point average
- . request three persons, including at least one high school teacher, to complete an applicant reference form and mail directly to the address below

Fill in your name at the top of the Applicant Reference Form, date and sign the statement at the bottom, and give a form to each of your three references for them to complete and mail.

The completed application, transcript, and three reference forms must be mailed in order that they may be received NO LATER THAN APRIL 29.

MAIL TO: Mrs. Marilyn Cluck
Senior Counselor
Abilene High School
2800 N. 6th
Abilene, Texas 79603

SELECTION PROCEDURE

A scholarship committee will review the applications, transcripts and letters of recommendations and select the winners and a sufficient number of alternates.

In the event the scholarship is not accepted or used wholly or in part by the recipient during the academic year for which it is granted, it will be offered to an alternate

PAYMENT OF THE SCHOLARSHIP

Payment of the scholarship will be made as follows:

- . Verification of admission to a college or university must be made to the trustees of McKenney Scholarship Trust by June 15. Upon receipt of such verification, a check for \$1000.00 payable jointly to the student and the college will be sent to the college business office.

- . Endorsement of the check by the recipient and by an official of the college is required.
- . The funds may be used for tuition, fee, textbooks, or other necessary college expenses.
- . When verification of enrollment for the second semester is received from the college financial aid office with a statement that the student is in good standing in his/her class, the remaining one-half of the scholarship amount will be paid under the exact provisions as indicated for the first semester.