Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning 12/01 **, 2009, and ending** 11/30 , 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.

M. G. & LILLIE A. JOHNSON
FOUNDATION, INC.
P. O. BOX 2269
VICTORIA, TX 77902-2269

A Employer identification number: 74-6076961

B Telephone number (see the instructions): (361) 575-7970

C If exemption application is pending, check here ► ☐

D 1 Foreign organizations, check here ► ☐

2 Foreign organizations meeting the 85% test, check here and attach computation ► ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ► ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► ☐

H Check type of organization: ☐ Section 501(c)(3) exempt private foundation
☒ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, column (c), line 16) ►$ 64,557,933.

J Accounting method: ☒ Cash ☐ Accrual
☐ Other (specify) ______________
(Part I, column (d) must be on cash basis.)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (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)
REVENUE	1 Contributions, gifts, grants, etc, received (att sch)				
	2 Ck ► ☒ if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments			N/A	
	4 Dividends and interest from securities	1,556,377.	1,556,377.		
	5a Gross rents	60,576.	60,576.		
	b Net rental income or (loss) 59,102.				
	6a Net gain/(loss) from sale of assets not on line 10	320,754.			
	b Gross sales price for all assets on line 6a 320,754.				
	7 Capital gain net income (from Part IV, line 2)		320,754.		
	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	1,570,336.	1,570,336.		
	12 Total. Add lines 1 through 11	3,508,043.	3,508,043.		
OPERATING AND ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc	154,917.	145,417.		9,500.
	14 Other employee salaries and wages	8,666.	8,666.		
	15 Pension plans, employee benefits	36,188.	36,188.		
	16a Legal fees (attach schedule)				
	b Accounting fees (attach sch) See St. 2	10,850.	10,850.		
	c Other prof fees (attach sch) See St .3	80,156.	80,156.		
	17 Interest				
	18 Taxes (attach schedule)(see instr). See Stm 4	175,977.	114,340.		
	19 Depreciation (attach sch) and depletion	784.	784.		
	20 Occupancy	13,285.	13,285.		
	21 Travel, conferences, and meetings	8,284.	1,453.		6,831.
	22 Printing and publications				
	23 Other expenses (attach schedule) See Statement 5	15,047.	15,047.		
	24 **Total operating and administrative expenses.** Add lines 13 through 23	504,154.	426,186.		16,331.
	25 Contributions, gifts, grants paid Part XV	2,754,071.			2,754,071.
	26 **Total expenses and disbursements.** Add lines 24 and 25	3,258,225.	426,186.		2,770,402.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	249,818.			
	b **Net investment income** (if negative, enter -0-)		3,081,857.		
	c **Adjusted net income** (if negative, enter -0-)				

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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	7,534,799.	3,593,894.	3,593,894.
	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 the instructions)			
	7	Other notes and loans receivable (attach sch) ►			
		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)	169,406.		
	b	Investments – corporate stock (attach schedule)	33,742,771.	38,087,485.	47,713,526.
	c	Investments – corporate bonds (attach schedule)	6,494,605.	6,582,331.	6,028,217.
	11	Investments – land, buildings, and equipment: basis ► 2,680,329.			
		Less: accumulated depreciation (attach schedule) See Stmt 6 ►	2,680,329.	2,680,329.	4,523,107.
	12	Investments – mortgage loans	38,850.	17,280.	17,280.
	13	Investments – other (attach schedule)			
	14	Land, buildings, and equipment: basis ► 17,021.			
		Less: accumulated depreciation (attach schedule) See Stmt 7 ► 14,180.	3,625.	2,841.	2,841.
	15	Other assets (describe ► See Statement 8)	54,255.	2,618.	2,679,068.
	16	**Total assets** (to be completed by all filers – see instructions. Also, see page 1, item I)	50,718,640.	50,966,778.	64,557,933.
LIABILITIES	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ►)	1,680.		
	23	**Total liabilities** (add lines 17 through 22)	1,680.	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	44,340,991.	44,655,330.	
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	6,375,969.	6,311,448.	
	30	**Total net assets or fund balances** (see the instructions)	50,716,960.	50,966,778.	
	31	**Total liabilities and net assets/fund balances** (see the instructions)	50,718,640.	50,966,778.	

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	50,716,960.
2	Enter amount from Part I, line 27a	2	249,818.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	50,966,778.
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	50,966,778.

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)
1a SCHEDULE ATTACHED	P	Various	Various
b Capital gain dividends			
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	289,310.			289,310.
b				
c				
d				
e				

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

	(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	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				289,310.
b				31,444.
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** 320,754.

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** 0.

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.) N/A

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			
2007			
2006			
2005			
2004			

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

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 ► ☐ and enter 'N/A' on line 1. Date of ruling or determination letter: ________ (attach copy of letter if necessary - see instr.)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► ☐ and enter 1% of Part I, line 27b		1	61,637.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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	61,637.
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	61,637.
6 Credits/Payments:			
a 2009 estimated tax pmts and 2008 overpayment credited to 2009	6a 64,254.		
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	64,254.
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	0.
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ►		10	2,617.
11 Enter the amount of line 10 to be: **Credited to 2010 estimated tax** ► 2,617.	**Refunded** ►	11	0.

Part VII-A Statements Regarding Activities

		Yes	No
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?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1b		X
*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?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation ► $ 0. **(2)** On foundation managers ► $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If 'Yes,' attach a detailed description of the activities.*	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	N/A	
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, column (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► TX			
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If 'No,' attach explanation*	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

Part VII-A Statements Regarding Activities *Continued*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ► N/A

14 The books are in care of ► ROBERT HALEPESKA Telephone no. ► (361) 575-7970

Located at ► ONE O'CONNOR PLAZA, STE 905 VICTORIA TX ZIP + 4 ► 77901

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here ► [X]

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
1 a	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 [X] No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? [ ] Yes [X] No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? [ ] Yes [X] No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? [X] 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 [X] 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 [X] 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		X
	Organizations relying on a current notice regarding disaster assistance check here ► [ ]			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? [ ] Yes [X] 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? [ ] Yes [X] 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))? ☐ 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 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 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? **6b** No: 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? **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		146,312.	34,536.	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.

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	51,834,303.
b Average of monthly cash balances		1b	4,133,435.
c Fair market value of all other assets (see instructions)		1c	7,205,016.
d **Total** (add lines 1a, b, and c)		1d	63,172,754.
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	63,172,754.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)		4	947,591.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	62,225,163.
6 **Minimum investment return.** Enter 5% of line 5		6	3,111,258.

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	3,111,258.
2a Tax on investment income for 2009 from Part VI, line 5	2a 61,637.		
b Income tax for 2009. (This does not include the tax from Part VI.)	2b		
c Add lines 2a and 2b		2c	61,637.
3 Distributable amount before adjustments Subtract line 2c from line 1		3	3,049,621.
4 Recoveries of amounts treated as qualifying distributions		4	
5 Add lines 3 and 4		5	3,049,621.
6 Deduction from distributable amount (see instructions)		6	
7 **Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1		7	3,049,621.

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	2,770,402.
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	2,770,402.
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)	5	
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	2,770,402.

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				3,049,621.
2 Undistributed income, if any, as of the end of 2009:				
a Enter amount for 2008 only			0.	
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: ► $ 2,770,402.				
a Applied to 2008, but not more than line 2a			0.	
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				2,770,402.
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 instructions			0.	
f Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010.				279,219.
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				

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

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

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

	Tax year	Prior 3 years			
	(a) 2009	**(b)** 2008	**(c)** 2007	**(d)** 2006	**(e) Total**
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
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 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).)

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

None

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

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

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

See Statement 10

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

See Statement for Line 2a

c Any submission deadlines:

See Statement for Line 2a

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

See Statement for Line 2a

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				
SCHEDULE ATTACHED	n/a	N/A		2,754,071.
Total			► **3a**	2,754,071.
b Approved for future payment				
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		
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	(e) Related or exempt function income (see the instructions)
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	1,556,377.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property			16	59,102.	
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	320,754.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a OIL & GAS RELATED INCOME			15	1,570,336.	
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				3,506,569.	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 3,506,569.

(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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
	a Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
	b Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
	c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	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		

SIGN HERE

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] 2/10/11 ► EXEC VICE PRESIDENT

Signature of officer or trustee — Date — Title

Paid Preparer's Use Only

Preparer's signature ►	Paula Leske PAULA LESKE, CPA	Date 2-7-11	Check if self-employed ► ☐ Preparer's Identifying number (See **Signature** in the instrs) P00047020
Firm's name (or yours if self-employed), address, and ZIP code ►	Bumgardner, Morrison & Company, LLP 1501 E. Mockingbird, Ste 300 Victoria, TX 77904		EIN ► 74-1194944 Phone no ► (361) 575-0271

Statement 1
Form 990-PF, Part I, Line 11
Other Income

	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income
OIL & GAS RELATED INCOME	$ 1,570,336.	$ 1,570,336.	
Total	$ 1,570,336.	$ 1,570,336.	$ 0.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
BUMGARDNER, MORRISON & CO.	$ 2,100.	$ 2,100.		
ROLOFF, HNATEK & CO	8,750.	8,750.		
Total	$ 10,850.	$ 10,850.		$ 0.

Statement 3
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
FIRST VICTORIA NATIONAL BANK	$ 20,565.	$ 20,565.		
PAINE WEBBER	26,439.	26,439.		
WELLS FARGO	33,152.	33,152.		
Total	$ 80,156.	$ 80,156.		$ 0.

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

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
AD VALOREM	$ 48,311.	$ 48,311.		
EXCISE	61,637.			
SEVERANCE	66,029.	66,029.		
Total	$ 175,977.	$ 114,340.		$ 0.

Statement 5
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
DUES & SUBSCRIPTIONS	$ 3,130.	$ 3,130.		
INSURANCE	6,462.	6,462.		
OFFICE EXPENSE	3,981.	3,981.		
Rental Expenses	1,474.	1,474.		
Total	$ 15,047.	$ 15,047.		$ 0.

Statement 6
Form 990-PF, Part II, Line 11
Investments - Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Land	$ 2,680,329.		$ 2,680,329.	$ 4,523,107.
Total	$ 2,680,329.	$ 0.	$ 2,680,329.	$ 4,523,107.

Statement 7
Form 990-PF, Part II, Line 14
Land, Buildings, and Equipment

Category	Basis	Accum. Deprec.	Book Value	Fair Market Value
Furniture and Fixtures	$ 17,021.	$ 14,180.	$ 2,841.	$ 2,841.
Total	$ 17,021.	$ 14,180.	$ 2,841.	$ 2,841.

Statement 8
Form 990-PF, Part II, Line 15
Other Assets

	Book Value	Fair Market Value
EXCISE TAX OVERPAYMENT	$ 2,617.	$ 2,617.
MINERAL INTERESTS	1.	2,676,451.
Total	$ 2,618.	$ 2,679,068.

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
M. H. BROCK 807 S. HANOVER EDNA, TX 77957	Chairman 3.00	$ 1,500.	$ 0.	$ 0.
M. MUNSON SMITH 36 FLAMINGO ROAD ROCKPORT, TX 78382	Secretary 1.00	1,500.	0.	0.
DICK KOOP 1258 CR 312 EDNA, TX 77957	Trustee 1.00	500.	0.	0.
ROSEMARY RUST 616 BOB-O-LINK LANE WHARTON, TX 77488	Trustee 1.00	1,500.	0.	0.
JACK R. MORRISON, JR. P. O. BOX 3750 VICTORIA, TX 77903	TREAS/ASST SEC 2.00	1,500.	0.	0.
JAMES A. BOULIGNY 1305 AVENUE K EL CAMPO, TX 77437	Trustee 1.00	1,500.	0.	0.
TERRELL MULLINS 503 E. FOURTH STREET HALLETTSVILLE, TX 77964	Trustee 1.00	1,500.	0.	0.
ROBERT L. HALEPESKA 206 TRACY LANE VICTORIA, TX 77904	Exec VICE PRES 40.00	136,812.	34,536.	0.
	Total	$ 146,312.	$ 34,536.	$ 0.

Statement 10
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program:	
Name:	M. G. & LILLIE A. JOHNSON FOUNDATION
Care Of:	ROBERT HALEPESKA
Street Address:	P. O. BOX 2269
City, State, Zip Code:	VICTORIA, TX 77902
Telephone:	(361) 575-7970
Form and Content:	GRANT APPLICATIONS MUST BE SUBMITTED IN WRITING, SHOULD INCLUDE BIOGRAPHICAL INFORMATION ABOUT THE PROSPECTIVE GRANTEE AND MUST INCLUDE SATISFACTORY EVIDENCE TO ASSURE OUR TRUSTEES THAT THE APPLICANT IS A QUALIFIED ORGANIZATION TO WHICH THE JOHNSON FOUNDATION MAY PROVIDE FUNDS IN ACCORDANCE WITH PERTINENT INTERNAL REVENUE SERVICE CODE SECTIONS AND REGULATIONS. THE APPLICANT

Statement 10 (continued)
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

	SHOULD ALSO SPECIFY THE AMOUNT OF FUNDS REQUESTED, THE INTENDED USE OF THE FUNDS AND THE ANTICIPATED LENGTH OF TIME WITHIN WHICH THE FUNDS WILL BE EXPENDED.
Submission Deadlines:	30 DAYS PRIOR TO THE MEETING DATE(S) OF THE TRUSTEES
Restrictions on Awards:	GENERALLY PREFER TO CONFINE FUNDING TO HEALTH CARE OR HIGHER EDUCATION RELATED GRANTEES.

M.G. and Lillie A. Johnson Foundation, Inc.

74-6076961

Assets as of November 30, 2010

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Price	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Cash & Cash Equivalents									
FVNB Checking Acct	788,711 650	0 350		1 00000	788,711 65	788,711 65	2,760 49	0 0035	1 23
Paine Webber MMKT	1,129,696 700	0 001		1 00000	1,129,696 70	1,129,696 70	11 30	0 0010	1 76
PrimeVest MMKT	624,476 620	0 001		1 00000	624,476 62	624,476 62	6 24	0 0010	0 98
Excise Tax Deposit	0 000				0 00	0 00	0.00	0 0000	0 00
Total	2,542,884 970				2,542,884 97	2,542,884 97	2,778 03	0 0011	3 97
Managed Investment Accounts									
Kayne Small Cap Eq	1,354,227.380	1 002			1,354,227.38	1,895,643 60	18,988 00	0 0100	2 96
Wells Fargo-Midcap	5,166,137 800	0 775			5,166,137 80	5,994,014.43	46,443 35	0 0077	9 36
Wells Fargo-International	2,073,266 600	1 857			2,073,266 60	2,651,684.63	49,246.68	0 0186	4 14
FVNB-Mutual Funds	7,960,458 700	2 443			7,960,458 70	8,599,379 94	210,044 00	0 0244	13 43
Total	16,554,090 480				16,554,090 48	19,140,722.60	324,722 03	0 0170	29 89
Notes Receivable									
Ramiro & Estelle Morales	17,279 940	7 250	02/21/06	1 00000	17,279 94	17,279 94	1,252 80	0 0725	0 03
Total	17,279 940				17,279 94	17,279 94	1,252 80	0 0725	0 03
Investments									
Corporate Bonds & Notes									
Household Finance Notes	500,000 000	6 300	03/15/11	1.01141	500,000 00	505,705 00	31,500 00	0 0623	0 79
SBC Communications	500,000 000	6 250	03/15/11	1 01657	500,004 50	508,285 00	31,250 00	0 0615	0 79
GMAC Smartnotes	500,000 000	4 115	08/15/11	0 98000	500,000 00	490,000 00	10,950 00	0 0223	0 77
Household Finance Notes	500,000 000	6 250	08/15/11	1 02519	500,000 00	512,595.00	31,250 00	0 0610	0 80
Verizon MD	500,000 000	6 125	03/01/12	1 06049	496,995 25	530,245 00	30,625 00	0 0578	0 83
John Hancock Signature	500,000 000	2 730	03/15/14	0 99495	500,000 00	497,475 00	13,676 00	0 0275	0 78
Bellsouth Corp Notes	500,000 000	5 200	12/15/16	1 13754	497,615 25	568,770 00	26,000 00	0 0457	0 89
General Elec Cap Corp	400,000 000	6 000	02/15/17	1 09529	400,000 00	438,116 00	24,000 00	0 0548	0 68
Caterpillar Fincl Svcs	200,000 000	7 150	02/15/19	1 27238	187,230 00	254,476 00	14,300 00	0 0562	0 40
GE Capital Internotes	500,000 000	5 100	02/15/19	1 01988	500,000 00	509,940 00	25,500 00	0 0500	0 80
Lehman Bros Holdings	1,000,000 000	0 000	01/29/21	0.20500	1,000,000 00	205,000 00	0 00	0 0000	0 32
Morgan Stanley	500,000 000	5 000	08/31/25	1 01057	500,486 11	505,285 00	25,000.00	0 0495	0 79
Prudential Fincl Inc	500,000 000	5 940	02/15/23	1 00465	500,000 00	502,325 00	30,000 00	0 0597	0 78
	6,600,000 000				6,582,331 11	6,028,217 00	294,051 00	0.0488	9 42

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Price	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Common Stock									
A T & T	6,400 000	1 680		27 79000	198,153 46	177,856 00	10,752 00	0 0605	0 28
Abbott Labs	10,000 000	1 760		46 51000	125,837 37	465,100 00	17,600 00	0 0378	0 73
AEP Inc	3,400 000	1 840		35 60000	100,622 70	121,040 00	6,256 00	0 0517	0 19
Altria Group Inc	17,600 000	1 520		24 00000	152,374 18	422,400 00	26,752 00	0 0633	0 66
Ameri Express Co	8,200 000	0 720		43 22000	350,495 72	354,404 00	5,904 00	0 0167	0 55
Bank of America	10,200 000	0 040		10 95000	401,630 25	111,690 00	408 00	0 0037	0 17
Berkshire Hathaway	5,000 000	0 000		79 68000	252,219 95	398,400 00	0 00	0 0000	0 62
Bristol Myers Squibb Co	14,800 000	1.280		25 24000	352,198 67	373,552 00	18,944.00	0 0507	0 58
Caterpillar Inc	3,300 000	1 760		84.60000	198,184 95	279,180 00	5,808 00	0 0208	0 44
Chevron Texaco Corp	8,600 000	2 880		8 97000	242,365 03	77,142 00	24,768 00	0 3211	0 12
Cisco	15,250 000	0 000		19 16000	400,012 75	292,190 00	0 00	0.0000	0 46
Coca-Cola Co	2,000 000	1 760		63 17000	97,485 90	126,340 00	3,520 00	0 0279	0 20
Colgate Palmolive	7,600 000	2 120		76 55000	206,453 64	581,780 00	16,112 00	0 0277	0 91
Danaher Corp	8,200 000	0 160		43 25000	244,989 70	354,650 00	1,312.00	0 0037	0.55
Dow Chemical	9,500 000	0 600		31 18000	394,022.95	296,210 00	5,700 00	0 0192	0 46
Duke Energy	8,500 000	0 980		17 55000	149,556.70	149,175 00	8,330 00	0 0558	0 23
Emerson Elec Co	13,300 000	1 380		55 07000	175,816 66	732,431 00	18,354 00	0 0251	1 14
Exxon Corp	11,153 000	1 760		69 56000	177,201 23	775,802 68	19,629 00	0 0253	1 21
Fedex Corp	4,000 000	0 480		91 12000	339,999 25	364,480 00	1,920 00	0 0053	0 57
Frontier Communications Corp	2,880 000	0 750		9 10000	19,449 53	26,208 00	2,160 00	0 0824	0 04
General Mills Inc	3,400 000	1 120		35 33000	96,715 91	120,122 00	3,808 00	0 0317	0 19
Hewlett Packard Co	7,700 000	0 320		41 93000	402,230 51	322,861 00	2,464 00	0 0076	0 50
Home Depot	11,400 000	0.945		30 21000	302,762 81	344,394 00	10,773 00	0 0313	0 54
Home Properties Inc	2,900 000	2 320		53.59000	102,767 87	155,411 00	6,728 00	0 0433	0 24
Intel	30,200 000	0 630		21 15700	229,617 58	638,941 40	19,026 00	0 0298	1 00
Intl Business Mach	5,000 000	2 600		141 46000	407,275.25	707,300 00	13,000 00	0 0184	1 10
Johnson & Johnson Company	14,000 000	2 160		61 55000	138,653 80	861,700 00	30,240 00	0 0351	1 35
McDonalds Corp	1,700 000	2 440		78 30000	97,544 50	133,110 00	4,148.00	0 0312	0 21
Medtronic	11,000 000	0 900		33 53000	299,275.79	368,830 00	9,900 00	0 0268	0.58
Merck & Co	8,700 000	1 520		34 47000	301,877 85	299,889 00	13,224 00	0 0441	0 47
Microsoft	19,800 000	0 640		25 25700	418,421 00	500,088 60	12,672 00	0 0253	0.78
Nestle S A Sponsored ADR	6,200 000	0 897		54 73000	303,146 50	339,326 00	5,561 00	0 0164	0 53
Nextera Energy Inc	9,400 000	2 000		50.62000	319,596 21	475,828 00	18,800 00	0 0395	0 74
Norfolk Sthn Corp	5,800 000	1 440		60.17000	351,042 69	348,986 00	8,352 00	0 0239	0 55
Novartis	6,850 000	1 653		53 41000	400,524 75	365,858 50	11,323 00	0 0309	0 57
Oneok Inc	3,200 000	1 920		51 11000	102,302 90	163,552.00	6,144 00	0 0376	0 26
Pepsico Inc	12,200 000	1 920		64 63000	223,604 93	788,486 00	23,424 00	0 0297	1 23
Petrohawk Energy Corp	12,000 000			17 83000	250,678 46	213,960 00	0 00	0 0000	0 33
Pfizer Inc	22,000 000	0 720		16 30000	185,339 45	358,600 00	15,840 00	0 0442	0 56

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Price	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Philip Morris Intl Inc	12,600 000	2 560		56 89000	119,924 91	716,814 00	32,256 00	0 0450	1 12
Procter & Gamble Co	12,500 000	1 927		61 07000	125,334 75	763,375 00	24,088 00	0 0316	1 19
Royal Dutch Shell PLC	1,900 000	2 856		60 67000	101,752 70	115,273 00	5,426 40	0 0471	0 18
Schlumberger Ltd	9,200 000	0 840		77 34000	175,717 27	711,528 00	7,728 00	0 0109	1 11
Toyota Motor Corp New Japan	3,300 000	0 950		77 69000	402,697 65	256,377 00	3,135 00	0 0122	0 40
Travelers Cos Inc	6,000.000	1 440		53 99000	300,534 65	323,940 00	8,640 00	0 0267	0 51
United Technologies Corp	2,200 000	1 700		75 27000	151,002 10	165,594 00	3,740 00	0 0226	0 26
Verizon Communications	12,000 000	1 950		32 01000	282,819 76	384,120 00	23,400 00	0 0609	0 60
Wal Mart Stores	6,500 000	1 210		54 09000	356,296 50	351,585 00	7,865.00	0 0224	0 55
3M Co	6,700 000	2 100		83 98000	148,446 87	562,666 00	14,070 00	0 0250	0 88
Totals	436,233 000				11,676,976 51	18,338,546 18	540,004 40	0 0294	28 64
Mutual Funds									
American Funds Cap Wld Bond Fund	49,645 600			20 49000	1,019,329 76	1,017,238 34	28,546 00	0 0281	1.59
Delaware Diversified Income Fund	114,102 144			9 64000	1,016,798 85	1,099,944 67	53,286 00	0 0484	1.72
Dodge & Cox Intl	27,589 572			33 54000	1,096,219 05	925,354 24	12,029 05	0 0130	1 45
Fidelity Adv Stratigic	9,055.287			12 81000	100,621 14	115,998 23	5,279 23	0 0455	0 18
FT-Franklin Global Bond A	93,556 002			13.47000	1,016,669 92	1,260,199 35	53,795 00	0 0427	1 97
FT-Franklin Income A	392,468 512			2 11000	1,000,475 84	828,108 56	56,908 00	0 0687	1 29
Kayne Anderson MLP Investment	20,367 000			28 49000	511,386 41	580,255 83	39,105 00	0 0674	0 91
Loomis Sayles Invest	43,463 754			12 42000	511,852 18	539,819 82	26,252 10	0 0486	0 84
Oppenheimer Intl Bond A	173,881 955			6 47000	1,014,289 29	1,125,016 25	44,166 01	0 0393	1.76
Pimco Real Return Class A	92,013 145			11 59000	1,002,019 43	1,066,432 35	18,679 00	0 0175	1 67
T Rowe Price Emerging Mkts	8,917 100			13.23000	101,142 91	117,973 23	7,954 05	0.0674	0 18
Vanguard Convertible Sec Inv	9,202 036			13 85000	101,010 93	127,448 20	4,702 24	0 0369	0 20
Vanguard Energy ADM	953 834			115 52000	100,000 00	110,186 90	1,704 50	0 0155	0 17
Vanguard GNMA Inv	37,878 788			11 07000	400,000 00	419,318 18	13,143.93	0 0313	0 65
Vanguard Wellesley Inc	18,587 361			21 59000	400,000 00	401,301.12	15,371.74	0 0383	0 63
Vanguard High Yield Corp	20,365 469			5 66000	101,033 73	115,268 55	8,696 05	0 0754	0 18
Vanguard Intrm Trm Bd Index	38,722 168			11 58000	400,000 00	448,402.71	17,928 36	0 0400	0 70
Totals	1,150,769 727				9,892,849 44	10,298,266 53	407,546 26	0 0396	16 09
Preferred Stock									
Citigroup Capital VIII Preferred	20,000 000	1 738		24 15000	500,000 00	483,000 00	34,760 00	0 0720	0 75
Wells Fargo & Co 7% Trust Preferred	20,000 000	1 750		25.20000	500,000 00	504,000 00	35,000 00	0 0694	0 79
Totals	40,000 000				1,000,000 00	987,000 00	69,760 00	0 0707	1 54

Description	Shares Par Value	Interest/ Dividend Rate	Maturity Date	Unit Market Price	Cost Basis	Market Value	Estimated Annual Income	Current Yield	% of Account
Miscellaneous Assets									
Office Equipment	15,593 890				15,593 89	15,593 89			0 02
Machinery & Equipment	2,191 960				2,191 96	2,191 96			0 00
Accumulated Depreciation	-14,161 28				(14,161 28)	(14,161 28)			(0 02)
Total	3,624 570				3,624 57	3,624 57			0 00
Mineral Interests									
Various Mineral and Royalty Interest Brazoria, Colorado, Dimmit, Fayette Harris, Jackson, LaSalle, Lavaca, Matagorda, Webb, and Wharton Counties	604,454 240				604,454 24	2,129,291 00	927,445 00	0 4356	3 33
Accumulated Depletion	-604,454 240				(604,454 24)				
Net Mineral Interests	0 000				0 00	2,129,291 00	927,445 00	0 4356	3.33
Real Estate	Acres								
Texas									
Jackson County	939 174				519,499.00	918,408 00	37,634 00	0 0410	1 43
Wharton County-Farm	26 333				21,528 00	138,290 00	871 00	0 0063	0 22
Webb Co Ranch	5,344 564				2,139,301 76	3,482,685 00	67,383 00	0 0193	5 44
Total	6,310 071				2,680,328 76	4,539,383 00	105,888 00	0 0233	7.09
Grand Totals					**50,950,365.78**	**64,025,215.79**	**2,673,447.52**	**0.0418**	**100.00**

M.G. & Lillie A. Johnson Foundation, Inc. 74-6076961
Fixed Assets
Depreciation Schedule
FYE 11/30/10

Description	Date Acquired	Cost	Method	Life	Accumulated Depreciation at 11/30/09	Depreciation Expense	Accumulated Depreciation at 11/30/10
Furniture:							
Furniture	10/87	2,675.00	Straight-Line	10 Years	2,675.00	-	2,675.00
Sign	10/89	348.00	Straight-Line	10 Years	348.00	-	348.00
Desk, Credenza & Chair	12/89	4,034.96	Straight-Line	10 Years	4,034.96	-	4,034.96
Filing Cabinet	06/90	840.97	Straight-Line	10 Years	840.97	-	840.97
Software	09/92	1,016.00	Straight-Line	5 Years	1,016.00	-	1,016.00
Dell Computer	06/02	1,487.00	Straight-Line	5 Years	1,487.00	-	1,487.00
Software	09/03	972.80	Straight-Line	5 Years	972.80	-	972.80
5 Shelf Bookcase	06/07	433.18	Straight-Line	10 Years	108.30	43.32	151.62
Executive Chair	06/07	792.07	Straight-Line	10 Years	198.03	79.21	277.24
60x60 Chairmat	06/07	270.69	Straight-Line	10 Years	67.68	27.07	94.75
Corner Desk, Drawer, & Keyboard	06/07	687.80	Straight-Line	10 Years	171.97	68.78	240.75
36", 2 File Cabinet	06/07	494.02	Straight-Line	10 Years	123.50	49.40	172.90
48x24 File Cabinet	06/07	388.21	Straight-Line	10 Years	97.05	38.82	135.87
48x24 File Cabinet	06/07	388.21	Straight-Line	10 Years	97.05	38.82	135.87
Printer/Fax Machine	11/09	392.96	Straight-Line	5 Years	78.59	78.59	157.18
Dell Computer	12/06	1,799.00	Straight-Line	5 Years	1,079.40	359.80	1,439.20
Totals		17,020.87			13,396.30	783.81	14,180.11
Deletions							
Copy, Fax, Scanner	06/02	764.98	Straight-Line	5 Years	764.98	-	764.98

M. G. & Lillie A. Johnson Foundation, Inc. 74-6076961

Approved the following grant requests for the year November 30, 2010:

$100,000.00 to the Jackson County Hospital District to upgrade technology for the Radiology and Laboratory departments at the Hospital.

$500,000.00 to Wharton County Junior College to remodel the Johnson Occupational Health Center.

$200,000.00 to Mid-Coast Family Services to construct a new women's shelter.

$7,000.00 to the City of Yorktown to purchase a new cataloguing system and books for the Yorktown library.

$50,000.00 to the Fannin Volunteer Fire Department to purchase a brush truck.

$40,000.00 to the Goliad EMS to purchase a First Responder Vehicle.

$8,300.00 to Jackson County to purchase juvenile shelving resources for the Jackson County Library.

$25,000.00 to the Moulton Fire Department to equip a new brush/tanker truck.

$29,300.00 to the Palacios Community Medical Center to purchase a wireless nurse call communication system and portable patient respiratory ventilation breathing equipment.

$30,000.00 to the Boys & Girls Club of Bay City and Matagorda County to renovate its new facility.

$43,000.00 to the Refugio County Memorial Hospital District to purchase portable X-ray equipment.

$20,000.00 to the YMCA of the Golden Crescent to renovate its pool and mechanical plant.

$25,000.00 to the Inez Volunteer Fire Department to equipped a tanker/rescue truck.

$90,000.00 to the Food Bank of the Golden Crescent to replace a roof on its building.

$218,230.81 to the University of Houston-Victoria to equip its new Patient Care Simulation Center.

$1,000.00 to the Association of Small Foundations for operational expenses.

$50,000.00 to the Bluebonnet Youth Ranch to renovate the Moody Cottage.

$50,000.00 to the City of Wharton to purchase an ambulance for the Wharton EMS.

$1,419.95 to Access Counselors for the Coast to purchase office furniture and equipment.

$58,000.00 to Goliad County to replace the roof on the Goliad County Library.

$28,102.00 to the Lighthouse 2911 for a technology upgrade.

$10,000.00 to Lavaca County to purchase computers and monitors for the Lavaca County Sheriff's Department. Jack Morrison opposed the motion.

$40,000.00 to Devereux to renovate its dining hall.

$25,000.00 to the Texas Zoo to purchase a vehicle for its outreach program.

$8,079.92 to the Golden Crescent CASA to purchase computers and a phone system. Rosemary Rust and Terrell Mullins opposed the motion.

$50,000.00 to the Gulf Bend Center to upgrade its auto fleet.

$18,300.00 to the Community Action Committee of Victoria to purchase a vehicle for its meals-on-wheels program.

$10,000.00 to the Nursery Volunteer Fire Department to purchase digital radios.

$2,968.75 to Tender Loving Care to purchase a commercial refrigerator.

$5,400.00 to the Bloomington VFW to purchase an air conditioning system for its building.

$7,370.00 to the Texas Nonprofit Management Assistance Network, Inc. to provide network support and training for non-profits in the Victoria area.

$16,000.00 to the Calhoun County Senior Citizens Asso., Inc. for Phase II of its parking lot project.

$30,000.00 to the Garwood Volunteer Fire Department to purchase equipment, radios and pagers.

$12,000.00 to the Chisholm Trail Heritage Museum to purchase audio/visual equipment.

$250,000.00 to The Victoria College to construct a building on its Gonzales Campus. Terrell Mullins abstained.

$16,000.00 to the City of Edna to purchase cardiac monitoring equipment for the Edna EMS.

$50,000.00 to the Lavaca County Rescue Service to purchase a Type II ambulance.

$31,600.00 to the Lavaca Medical Center to purchase medical equipment. Terrell Mullins abstained.

$34,000.00 to the Hallettsville Volunteer Fire Department to equip a rescue/pumper truck.

$15,000.00 to the Crisis Center in Bay City to purchase equipment and a computer system upgrade.

$12,000.00 to the Victoria County Senior Citizens Asso., Inc. for parking lot repairs.

$6,500.00 to the Salvation Army to purchase a copier for its Victoria location.

$23,500.00 to Goodwill Industries of South Texas to upgrade retail fixtures at its Victoria location.

$56,000.00 to Texana to replace a wheelchair accessible van and a passenger car.

$75,000.00 to the 20th Century Technology Museum to construct a building to house the museum at the Wharton County Museum.

$125,000.00 to The Victoria College to be added to the Foundation's Endowed Scholarship Funds previously established at the respective colleges.

$125,000.00 to Wharton County Junior College to be added to the Foundation's Endowed Scholarship Funds previously established at the respective colleges.

$125,000.00 to the University of Houston-Victoria to be added to the Foundation's Endowed Scholarship Funds previously established at the respective colleges.

Total Grants Paid-$2,754,071.43

M. G. & Lillie A. Johnson Foundation, Inc. 74-6076961

CAPITAL GAINS & LOSSES YEAR ENDING NOVEMBER 30, 2010

DATE	ASSET	SHARES	DATE ACQUIRED	PROCEEDS	BASIS	GAIN (LOSS)	
	WELLS FARGO-MIDCAP						
3/31/10				19,711.36		19,711 36	Short Term
4/30/10				117,898.06		117,898.06	Long Term
5/31/10				117.59		117.59	Long Term
7/31/10				44.34	17.08	27.26	Long Term
8/31/10				-3,656.27		-3,656.27	Long Term
				7,466.63		7,466.63	Short Term
9/30/10				54,056.00		54.56	Short Term
				93,040.84		93,040.84	Long Term
10/31/10				1,711.40		1,711.40	Short Term
				46,630.35		46,630.35	Long Term
11/30/10				232,712.25		232,712.25	Long Term
	WELLS FARGO-INTERNATIONAL						
4/30/2010				72,396 97		72,396.97	Short Term
6/28/10				176 06		176.06	Long Term
8/31/10				-20,263.47		-20,263.47	Short Term
11/30/10				54,900.90		54,900.90	Long Term
	FVNB CUSTODIAL ACCOUNT						
12/31/09				7,208.82		7,208 82	Short Term
1/31/10				35,997.30		35,997 30	Long Term
2/31/10				35,837.04		35,837.04	Long Term
2/28/10				-6,278.89		-6,278.89	Long Term
3/31/10				15,657.86		15,657.86	Long Term
4/30/10				-13,989.63		-13,989.63	Long Term
5/31/10				-82,685.05		-82,685.05	Long Term
8/31/10				-35,798.60		-35,798.60	Long Term
09/30/10				-99,550 66		-99,550.66	Long Term
10/31/10				-27,990.94		-27,990.94	Long Term
11/30/2010				28,908.97		28,908.97	Long Term
	UBS FINANCIAL SERVICES						
12/17/10				188.38		188.38	Short Term
12/24/09	Delaware Diversified Inc. Fund			7,702.69		7,702.69	Short Term
5/10/10	Goldman Sachs	2000	1/8/2007	401,545.25	296,208.40	-105,336.85	Long Term
6/16/10	BP PLC SPON ADR	3600	03/04/10	122,435.87	192,030.46	-69,594.59	Short Term
	Hartford Financial Services	3400	05/06/08	80,884.77	248,019.25	-167,134.48	Long Term

7/02/10	Frontier Communication-Frac. Share	0 476	02/10/95	3.46	3.20	0.26	Long Term
DATE	**ASSET**	**SHARES**	**DATE ACQUIRED**	**PROCEEDS**	**BASIS**	**GAIN (LOSS)**	
	UBS FINANCIAL SERVICES-KAYNE ANDERSON						
12/31/09				5.61		5.61	Short Term
1/31/10				13,738.04		13,738.04	Long Term
2/28/10				26,062.15		26,062.15	Long Term
4/30/10				6,225 42		6,225.42	Long Term
5/31/10				15,069 31		15,069.31	Long Term
6/30/10				-1,558.38		-1,558.38	Long Term
7/31/10				45,391.19		45,391.19	Long Term
8/31/10				31,131.52		31,131.52	Long Term
11/30/10				-2,036.19		-2,036.19	Long Term
	PRIME VEST-MUTUAL FUNDS						
12/24/09	Fidelity ADV Stratigic Inc. 1			905.53		905.53	Short Term
12/31/09	Openheimer Int'l Bond A			8,083.77		8,083.77	Short Term
	Vanguard GNMA Inv.			1,969.70		1,969.70	Short Term
	Vanguard GNMA Inv.			757.58		757.58	Long Term
1/06/10	Loomis Sayles Inv. Gr. Bond Y			1,151.79		1,151.79	Short Term
2/16/10	Fidelity ADV Stratigic Inc. 1			135.83		135.83	Short Term
3/23/10	Vanguard Energy ADM			139.26		139.26	Short Term
	Vanguard Energy ADM			579.93		579.93	Long Term
3/30/10	Vanguard GNMA And.			1,287.88		1,287.88	Short Term
	Vanguard GNMA And.			378.79		378.79	Long Term
12/22/09	INDIVIDUAL SECURITIES						
2/22/10	Enron Corp.-Settlement		6/8/2001	9,582.07		9,582.07	Long Term
3/09/10	FHLMC 4.5% due 05/01/11		5/24/2004	156,276.60	154,729.13	1,547.47	Long Term
5/21/10	Kinder Morgan Energy Partners	1900	6/22/2009	119,890.48	94,353.90	25,536.58	Short Term
	BP PLC Spons ADR	2000	6/22/2009	92,942.47	106,683.59	-13,741.12	Short Term
5/10/10	REAL ESTATE SOLD						
	Hallettsville Abst. Und. Int. 13 acres Lavaca County		6/6/1992	2,344.25	0.00	2,344.25	Long Term
	TOTAL GAINS & LOSSES					**320,754.10**	

Form **4562**

Department of the Treasury Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

► See separate instructions. ► Attach to your tax return.

OMB No. 1545-0172

2009

Attachment Sequence No. **67**

Name(s) shown on return: M. G. & LILLIE A. JOHNSON FOUNDATION, INC.

Identifying number: 74-6076961

Business or activity to which this form relates: Form 990/990-PF

Part I Election To Expense Certain Property Under Section 179

Note: *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	$250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	$800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1 If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost
7 Listed property Enter the amount from line 29	7	

8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 ►	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	784.

Part III MACRS Depreciation (Do not include listed property.) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ► ☐		

Section B — Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only — see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27.5 yrs	MM	S/L	
			27.5 yrs	MM	S/L	
i Nonresidential real property.			39 yrs	MM	S/L	
				MM	S/L	

Section C — Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations — see instructions	22	784.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	