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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.

2010

For calendar year 2010, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return
☐ Amended return ☐ Address change ☐ Name change

Name of foundation BETTY STIEREN KELSO FOUNDATION		A Employer identification number 74-2442790
Number and street (or P.O. box number if mail is not delivered to street address) 640 IVY LANE	Room/suite	B Telephone number (210) 822-2870
City or town, state, and ZIP code SAN ANTONIO, TX 78209		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 checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input 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) \$ 4,897,107. (Part I, column (d) must be on cash basis)	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		14.	14.		STATEMENT 1
4 Dividends and interest from securities		109,682.	109,682.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		60,170.			
b Gross sales price for all assets on line 6a		1,267,925.			
7 Capital gain net income (from Part IV, line 2)			60,170.		
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		20,128.	20,128.		STATEMENT 3
12 Total Add lines 1 through 11		189,994.	189,994.		
13 Compensation of officers, directors, trustees, etc		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 4		9,000.	4,500.		4,500.
c Other professional fees STMT 5		37,012.	37,012.		0.
17 Interest					
18 Taxes STMT 6		3,856.	3,046.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses STMT 7		8,383.	8,111.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		58,251.	52,669.		4,500.
25 Contributions, gifts, grants paid		227,445.			227,445.
26 Total expenses and disbursements Add lines 24 and 25		285,696.	52,669.		231,945.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-95,702.			
b Net investment income (if negative, enter -0-)			137,325.		
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			581,736.	252,551.	252,551.
	3 Accounts receivable ▶					
	Less: allowance for doubtful accounts ▶			732.		
	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			3,880.	3,070.	3,070.
	10a Investments - U.S. and state government obligations					
	b Investments - corporate stock STMT 9			2,506,296.	2,587,700.	3,310,148.
	c Investments - corporate bonds STMT 10			491,702.	608,265.	672,037.
Liabilities	11 Investments - land, buildings, and equipment basis ▶					
	Less accumulated depreciation ▶					
	12 Investments - mortgage loans					
	13 Investments - other STMT 11			448,866.	485,027.	655,761.
	14 Land, buildings, and equipment: basis ▶					
	Less accumulated depreciation ▶					
	15 Other assets (describe ▶ ACCRUED INTEREST)			2,643.	3,540.	3,540.
	16 Total assets (to be completed by all filers)			4,035,855.	3,940,153.	4,897,107.
	17 Accounts payable and accrued expenses					
	18 Grants payable					
Net Assets or Fund Balances	19 Deferred revenue					
	20 Loans from officers, directors, trustees, and other disqualified persons					
	21 Mortgages and other notes payable					
	22 Other liabilities (describe ▶)					
23 Total liabilities (add lines 17 through 22)			0.	0.		
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. X					
	27 Capital stock, trust principal, or current funds			3,150,789.	3,150,789.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund			0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds			885,066.	789,364.	
	30 Total net assets or fund balances			4,035,855.	3,940,153.	
31 Total liabilities and net assets/fund balances			4,035,855.	3,940,153.		

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	4,035,855.
2 Enter amount from Part I, line 27a	2	-95,702.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	3,940,153.
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	3,940,153.

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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 1,267,925.		1,207,755.	60,170.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(j) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(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			
b			
c			
d			
e			60,170.

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	60,170.
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))
2009	118,942.	3,657,728.	.032518
2008	162,117.	3,124,257.	.051890
2007	211,972.	3,554,851.	.059629
2006	192,130.	3,404,422.	.056435
2005	123,660.	3,200,812.	.038634

2 Total of line 1, column (d)	2	.239106
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	.047821
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	4,504,964.
5 Multiply line 4 by line 3	5	215,432.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,373.
7 Add lines 5 and 6	7	216,805.
8 Enter qualifying distributions from Part XII, line 4	8	231,945.

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 checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	1,373.
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	1,373.
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	1,373.
6 Credits/Payments:			
a 2010 estimated tax payments and 2009 overpayment credited to 2010	6a	3,070.	
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	3,070.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,697.	
11 Enter the amount of line 10 to be: Credited to 2011 estimated tax	11	0.	

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. ► \$ 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.		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b If "Yes," has it filed a tax return on Form 990-T for this year?	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see 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	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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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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 ► SENDERO SECURITIES, LLC Telephone no. ► (210) 805-0171 Located at ► 7373 BROADWAY, SUITE 501, SAN ANTONIO, TX ZIP+4 ► 78209			
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	N/A	
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No
				X

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 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/> 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 2010?	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? If "Yes," list the years ► , , , <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see 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 2010 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 2010.) N/A	3b	
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 2010?	4b	X

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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
▶ ☐

Organizations relying on a current notice regarding disaster assistance check here

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

N/A ☐ Yes ☐ No

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

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

☐ Yes ☒ No

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

If "Yes" to 6b, file Form 8870

6b ☐ Yes ☒ No

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 ☐ Yes ☒ No**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
MRS. BETTY KELSO	PRESIDENT			
640 IVY LANE				
SAN ANTONIO, TX 78209	0.50	0.	0.	0.
ROBERT KELSO	VICE-PRES			
640 IVY LANE				
SAN ANTONIO, TX 78209	0.50	0.	0.	0.
BARRY ROBERTS	SEC/TREAS			
7373 BROADWAY SUITE 406				
SAN ANTONIO, TX 78209	0.10	0.	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 N/A	
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	
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	4,076,462.
b	Average of monthly cash balances	1b	497,106.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	4,573,568.
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	4,573,568.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	68,604.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,504,964.
6	Minimum investment return Enter 5% of line 5	6	225,248.

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	225,248.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	1,373.
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	2,921.
c	Add lines 2a and 2b	2c	4,294.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	220,954.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	220,954.
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	220,954.

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	231,945.
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	231,945.
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	1,373.
6	Adjusted qualifying distributions Subtract line 5 from line 4	6	230,572.

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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				220,954.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			139,001.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4: ► \$ 231,945.				
a Applied to 2009, but not more than line 2a			139,001.	
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 2010 distributable amount				92,944.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 (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:	0.			
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 2009. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				128,010.
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 2005 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

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 2010, 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)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
SEE STATEMENT 12				
Total			▶ 3a	227,445.
b <i>Approved for future payment</i>				
NONE				
Total			▶ 3b	0.

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 SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
b SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
c SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
d SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
e SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
f SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
g SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
h SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
i CASH IN LIEU	P	VARIOUS	VARIOUS
j SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
k SALE OF PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
l CASH IN LIEU	P	VARIOUS	VARIOUS
m EAGLE INCOME APPRECIATION INVESTMENT	P	VARIOUS	VARIOUS
n EAGLE INCOME APPRECIATION INVESTMENT	P	VARIOUS	VARIOUS
o CAPITAL GAIN DISTRIBUTIONS	P	VARIOUS	VARIOUS

(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 244,565.		212,177.	32,388.
b 164,176.		132,514.	31,662.
c 1,931.		2,396.	-465.
d 39,356.		42,587.	-3,231.
e 122,584.		152,429.	-29,845.
f 21,581.		22,990.	-1,409.
g 141,504.		160,185.	-18,681.
h 173,963.		173,459.	504.
i 46.			46.
j 112,571.		116,318.	-3,747.
k 221,147.		191,533.	29,614.
l 16.			16.
m		1,167.	-1,167.
n 23,383.			23,383.
o 10.			10.

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			32,388.
b			31,662.
c			-465.
d			-3,231.
e			-29,845.
f			-1,409.
g			-18,681.
h			504.
i			46.
j			-3,747.
k			29,614.
l			16.
m			-1,167.
n			23,383.
o			10.

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

BETTY STIEREN KELSO FOUNDATION

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 EAGLE INCOME APPRECIATION LP		P		
b				
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 1,092.			1,092.
b			
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			1,092.
b			
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	60,170.
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
INTERNAL REVENUE SERVICE	14.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	14.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
EAGLE INCOME APPRECIATION II, LP	294.	0.	294.
EAGLE INCOME APPRECIATION II, LP	1,159.	0.	1,159.
EAGLE INCOME APPRECIATION II, LP	14.	0.	14.
JP MORGAN CLEARING CORP (064)	25.	0.	25.
JP MORGAN CLEARING CORP (394)	20,909.	0.	20,909.
JP MORGAN CLEARING CORP (662)	11,407.	0.	11,407.
JP MORGAN CLEARING CORP (663)	19,040.	0.	19,040.
JP MORGAN CLEARING CORP (6791)	48,718.	0.	48,718.
JP MORGAN CLEARING CORP (6791)			
ACCD INT PURCHASED	-7,432.	0.	-7,432.
JP MORGAN CLEARING CORP (6791)			
OID	3,212.	0.	3,212.
JP MORGAN CLEARING CORP (6841)	12,334.	0.	12,334.
JP MORGAN CLEARING CORP (791)	2.	0.	2.
TOTAL TO FM 990-PF, PART I, LN 4	109,682.	0.	109,682.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
SUBSTITUTE PAYMENTS IN LIEU OF DIVIDENDS OR INTEREST	307.		
WORLD COM LITIGATION SETTLEMENT	66.		
EAGLE INCOME APPRECIATION P/SHIP	19,755.		
TOTAL TO FORM 990-PF, PART I, LINE 11	20,128.		

FORM 990-PF	ACCOUNTING FEES			STATEMENT 4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CARNEIRO, CHUMNEY, & CO.	9,000.	4,500.		4,500.
TO FORM 990-PF, PG 1, LN 16B	9,000.	4,500.		4,500.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
SENDERO SECURITIES LLC, SAN ANTONIO, TEXAS	37,012.	37,012.		0.
TO FORM 990-PF, PG 1, LN 16C	37,012.	37,012.		0.

FORM 990-PF	TAXES			STATEMENT 6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
EXCISE TAX	810.	0.		0.
FOREIGN TAXES	3,046.	3,046.		0.
TO FORM 990-PF, PG 1, LN 18	3,856.	3,046.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
MISCELLANEOUS	14.	14.		0.
INVESTMENT EXPENSES	8,369.	8,097.		0.
TO FORM 990-PF, PG 1, LN 23	8,383.	8,111.		0.

FOOTNOTES

STATEMENT 8

ASSETS INCLUDED ON PAGE 2, PART II, LINE 2 AS TEMPORARY CASH
INVESTMENTS INCLUDE CASH EQUIVALENTS WHICH PAY DIVIDENDS.
THESE DIVIDENDS ARE INCLUDED ON PAGE 1, PART I, LINE 4.

FORM 990-PF

CORPORATE STOCK

STATEMENT

9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
ARCH COAL INC (400)	12,616.	14,024.
AMERICAN WTR WKS CO INC (500)	9,809.	12,645.
AMGEN INC (400)	5,898.	21,960.
APPLE INC (120)	30,650.	38,707.
BERKSHIRE HATHAWAY INC DEL (247)	9,110.	19,787.
CHECK POINT SOFTWARE (1275)	31,732.	58,982.
CORN PRODUCTS INTERNATIONAL (350)	11,910.	16,100.
COVENTRY HEALTH CARE INC (525)	13,749.	13,860.
CITIGROUP INC (1500)	6,448.	7,095.
CHEVRON CORP (250)	13,488.	22,813.
CIT GROUP INC (450)	17,836.	21,195.
CAPITAL ONE FINANCIAL GROUP (350)	13,038.	14,896.
CONOCOPHILLIPS (200)	8,317.	13,620.
CATERPILLAR INC (150)	13,420.	14,049.
CISCO SYSTEMS INC (700)	14,420.	14,161.
COCA COLA CO (300)	13,925.	19,731.
DEVON ENERGY CORPORATION (200)	9,818.	15,702.
DELTA AIR LINES INC DEL (1800)	15,615.	22,680.
WALT DISNEY CO HOLDING CO (1000)	20,090.	37,510.
E I DU PONT DE NEMOURS & CO (300)	13,110.	14,964.
EVEREST RE GROUP LTD (175)	13,124.	14,844.
EXXON MOBIL CORP (1000)	11,230.	73,120.
FORD MOTOR CO (450)	6,200.	7,556.
GOOGLE INC (50)	30,107.	29,699.
GENERAL ELECTRIC CO (2000)	16,708.	36,580.
GENERAL MILLS INC (400)	12,259.	14,236.
GENZYME CORPORATION (175)	9,604.	12,460.
HONEYWELL INTL INC (300)	12,305.	15,948.
HANESBRANDS INC (925)	22,921.	23,495.
HASBRO INC (375)	8,510.	17,693.
H J HEINZ CO (300)	10,200.	14,838.
HOME DEPOT INC (400)	10,308.	14,024.
JP MORGAN CHASE & CO (900)	32,622.	38,178.
JOHNSON & JOHNSON (750)	21,320.	46,388.
KINDER MORGAN MGMT LLC (2)	0.	134.
KANSAS CITY SOUTHERN (425)	9,171.	20,341.
LSI CORPORATION (1275)	5,237.	7,637.
LAS VEGAS SANDS CORP (250)	11,027.	11,488.
ELI LILLY & CO (650)	22,644.	22,776.
LUBRIZOL CORP (225)	10,318.	24,048.
MERCK & CO INC (707)	24,251.	25,480.
MANITOWOC CO INC (1050)	8,862.	13,766.
MICROSOFT CORP (1100)	30,268.	30,701.
NATIONAL OILWELL VARCO INC (500)	11,625.	33,625.
NII HOLDINGS INC (450)	11,187.	20,097.
NORTHROP GRUMMAN CORP (600)	27,630.	38,868.
OCCIDENTAL PETE CORP (150)	12,802.	14,715.

OIL STATES INTERNATIONAL INC (575)	24,598.	36,852.
PEPCO HOLDINGS INC (675)	13,129.	12,319.
PEPSICO INC (900)	34,474.	58,797.
PFIZER INC (1246)	24,591.	21,817.
PROCTER & GAMBLE CO (200)	12,111.	12,866.
SKYWORKS SOLUTIONS INC (325)	6,740.	9,305.
ST JUDE MEDICAL INC (600)	23,153.	25,650.
TRANSDIGM GROUP INCORPORATED (425)	19,141.	30,604.
TEMPLE INLAND INC (1500)	26,180.	31,860.
V F CORP (175)	13,729.	15,082.
VEECO INSTRUMENTS INC-DEL (525)	17,642.	22,554.
WELLS FARGO & CO (1500)	22,370.	46,485.
WHIRLPOOL CORP (175)	13,714.	15,545.
XEROX CORP (1750)	13,718.	20,160.
AXA-UAP-SPONSORED ADR (310)	5,709.	5,178.
ALLIANZ SE (560)	5,881.	6,683.
AKZO NOBEL NV-SPONSORED ADR (145)	6,502.	9,042.
BANCO SANTANDER S A (450)	4,824.	4,793.
BHP BILLITON LTD (90)	3,814.	8,363.
CRH PLC (480)	18,271.	9,984.
CANON INC (220)	8,363.	11,295.
DIAGEO PLC (200)	10,982.	14,866.
ENI S P A (195)	7,628.	8,529.
ERICSSON L M TEL CO (660)	10,623.	7,610.
ESPRIT HOLDINGS LTD HKD (590)	6,557.	5,616.
FRANCE TELECOM (445)	10,543.	9,381.
GIVAUDAN SA (360)	6,106.	7,816.
GLAXOSMITHKLINE PLC (340)	14,961.	13,335.
IMPERIAL TOBACCO GROUP PLC (135)	6,885.	8,319.
HSBC HOLDINGS PLC (167)	9,967.	8,524.
KAO CORP (275)	7,004.	7,419.
MITSUBISHI UFJ FINL GROUP (1705)	17,840.	9,224.
NOVARTIS AG (260)	12,896.	15,327.
NTT DOCOMO INC (405)	6,728.	7,055.
NINTENDO CO LTD (175)	5,800.	6,427.
NESTLE SA (192)	5,077.	11,278.
PETROLEO BRASILEIRO SA (190)	6,850.	7,190.
ROYAL DUTCH SHELL PLC (165)	9,499.	11,019.
REED ELSEVIER PLC (210)	6,685.	7,048.
ROCHE HOLDING LTD (290)	12,918.	10,656.
SANOFI AVENTIS (320)	12,344.	10,314.
SAP AKTIENGESSELLSCHAFT (195)	9,510.	9,869.
SYNGENTA AG (150)	5,515.	8,817.
SOCIETE GENERALE (555)	11,361.	5,989.
TNT N V (297)	12,528.	7,869.
TELEFONICA SA (95)	7,920.	6,500.
TEVA PHARMACEUTICAL (115)	5,976.	5,995.
TOTAL S A (175)	6,673.	9,359.
UNILEVER PLC (419)	9,966.	12,939.
UBS AG (320)	14,693.	5,270.
VODAFONE GROUP PLC (265)	8,260.	7,007.
WPP GROUP PLC (115)	7,134.	7,127.
AMERICAN FINANCIAL GROUP INC (371)	7,555.	11,980.
AT&T INC (319)	12,106.	9,372.

AMGEN INC (125)	6,162.	6,863.
ARCHER DANIELS MIDLAND CO (392)	13,215.	11,791.
BANK OF NEW YORK CO INC (694)	24,247.	20,959.
BAKER HUGHES INC (307)	15,712.	17,551.
CR BARD INC (179)	15,092.	16,427.
BERKLEY W R CORPORATION (618)	14,764.	16,921.
CANADIAN NATIONAL RAILWAY (91)	5,441.	6,049.
CHEVRON CORP (600)	10,389.	54,750.
COINSTAR INC (223)	10,900.	12,586.
COMCAST CORP (807)	11,997.	17,730.
CHUBB CORP (197)	7,903.	11,749.
COMERICA INC (247)	9,357.	10,433.
DEVON ENERGY CORPORATION (225)	16,579.	17,665.
DR REDDY'S LABS LTD (581)	15,692.	21,474.
DIAMOND FOODS INC (157)	6,504.	8,349.
DENBURY RESOURCES INC NEW (976)	14,146.	18,632.
WALT DISNEY CO HOLDING CO (303)	8,397.	11,366.
E I DU PONT DE NEMOURS & CO (261)	12,092.	13,019.
EOG RES INC (70)	4,104.	6,399.
EMC CORP-MASS (779)	8,619.	17,839.
EXXON MOBIL CORP (107)	7,349.	7,824.
EATON CORP (164)	7,088.	16,648.
FEDEX CORP (173)	14,284.	16,091.
FMC CORP NEW (202)	9,296.	16,138.
GAP INC (286)	6,135.	6,332.
ISHARES TRUST SMALLCAP 600 (1684)	95,996.	115,303.
ISHARES TRUST DOW JONES US (510)	29,203.	32,834.
INTEL CORP (697)	14,574.	14,658.
JOHNSON & JOHNSON (153)	4,349.	9,463.
LOWES COMPANIES INC (662)	14,293.	16,603.
MARATHON OIL CORP (123)	3,836.	4,555.
MEDCO HEALTH SOLUTIONS INC (112)	4,747.	6,862.
NOVARTIS AG (358)	19,298.	21,104.
NTT DOCOMO INC (619)	9,705.	10,783.
NETFLIX COM INC (109)	15,129.	19,151.
PERKINELMER INC (886)	19,369.	22,877.
PATTERSON-UTI ENERGY INC (1465)	24,054.	31,571.
ORACLE CORP (538)	12,390.	16,839.
PROCTER & GAMBLE CO (638)	26,867.	41,043.
QUALCOMM INC (171)	6,969.	8,463.
REINSURANCE GROUP OF AMERICA	10,414.	10,796.
RAYMOND JAMES FINANCIAL INC (656)	10,779.	21,451.
ROCK-TENN CO-CL A (209)	11,181.	11,276.
SK TELECOM CO LTD (839)	14,175.	15,631.
SELECT SECTOR SPDR AMEX (608)	19,426.	19,055.
SONY CORP (422)	12,723.	15,070.
SOUTHWEST AIRLINES CO (1745)	16,328.	22,650.
STARBUCKS CORP (683)	8,992.	21,945.
SYSCO CORP (534)	15,165.	15,700.
3M COMPANY (248)	16,059.	21,402.
TREEHOUSE FOODS INC (151)	4,038.	7,715.
TIME WARNER INC (469)	14,412.	15,088.
TEXAS INSTRUMENTS INC (795)	19,996.	25,838.
TORHCMARK CORP (329)	14,140.	19,654.

TYSON FOODS INC-CL A (577)	10,018.	9,936.
UNITEDHEALTH GROUP INC (468)	13,614.	16,899.
UNILEVER PLC (485)	13,651.	14,977.
UNITED CONTINENTAL HOLDINGS INC (1121)	14,494.	26,702.
VERIZON COMMUNICATIONS (450)	16,044.	16,101.
WELL POINT INC (250)	13,775.	14,215.
WAL-MART STORES INC (279)	15,585.	15,046.
ATLAS COPCO AB (350)	4,743.	7,918.
ASTRAZENECA PLC (175)	7,939.	8,083.
ABB LTD (400)	7,667.	8,980.
ANGLO AMERICAN PLC (225)	4,965.	5,875.
ANHEUSER-BUSCH INBEV SA (75)	4,746.	4,282.
AGRIUM INC (100)	5,565.	9,175.
BRITISH AMERICAN TOBACCO (225)	14,953.	17,483.
BNP PARIBAS (250)	8,376.	7,984.
BT GROUP PLC (325)	8,884.	9,276.
BHP BILLITON PLC (60)	4,725.	4,830.
BASF SE (125)	8,058.	10,063.
BOC HONG KONG HOLDINGS (100)	5,070.	6,805.
BAYERISCHE MOTOREN WERKE AG (370)	8,073.	9,704.
BARCLAYS PLC ADR BCS (375)	8,019.	6,195.
CENTRAL EUROPEAN DISTR CORP (200)	6,413.	4,580.
CNOOC LTD (25)	4,147.	5,959.
CENTRICA PLC (200)	4,295.	4,153.
CANON INC (200)	8,136.	10,268.
DBS GROUP HOLDINGS (275)	11,671.	12,296.
DESARROLLADORA HOMEX S A DE (275)	8,924.	9,298.
FOMENTO ECONOMICO MEXICANO (125)	5,525.	6,990.
FOCUS MEDIA HLDG LTD (250)	3,855.	5,483.
FUJIFILM HOLDINGS (375)	11,200.	13,575.
GLAXOSMITHKLINE PLC (175)	7,318.	6,864.
HSBC HOLDINGS PLC (85)	4,452.	4,338.
INFINEON TECHNOLOGIES AG (500)	4,635.	4,701.
INTERCONTINENTAL HOTELS (250)	4,485.	4,933.
HONDA MOTOR CO LTD (200)	6,647.	7,900.
KEPPEL CORP LTD (1100)	13,035.	19,440.
LVMH MOET HENESSY LOUIS (110)	3,556.	3,633.
mitsui & CO LTD-ADR (30)	8,206.	9,832.
NOVARTIS AG (230)	12,293.	13,559.
NISSAN MOTOR CO LTD (450)	7,843.	8,578.
NESTLE SA (325)	15,444.	19,090.
OIL CO LUKOIL SPONS ADR (125)	7,838.	7,050.
ORIX CORP (125)	4,320.	6,091.
PETROLEO BRASILEIRO SA (275)	12,396.	9,397.
ROYAL DUTCH SHELL PLC (70)	4,473.	4,675.
ROCHE HOLDING LTD (125)	4,981.	4,593.
ROYAL KPN NV (350)	6,283.	5,128.
SWISS REINSURANCE CO (90)	4,514.	4,857.
SIEMENS A G (60)	6,086.	7,455.
SANOFI AVENTIS (175)	6,721.	5,640.
SOCIETE GENERALE (700)	9,341.	7,554.
TURKCELL ILETISM (600)	10,098.	10,278.
TOKIO MARINE HLDGS INC (250)	6,800.	7,481.
THOMPSON CREEK METALS CO (725)	8,773.	10,672.

TELEFONICA SA (90)	7,823.	6,158.
TOTAL S A (195)	12,386.	10,429.
UNILEVER PLC (325)	10,084.	10,036.
UBS AG (250)	4,167.	4,118.
VODAFONE GROUP PLC (200)	4,791.	5,288.
VOLVO AB-ADR (500)	6,522.	8,813.
ZURICH FINANCIAL SERVICES (175)	4,043.	4,547.
BANCO BRADESCO SA (250)	4,686.	5,073.
VALE SA (475)	12,276.	14,355.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,587,700.	3,310,148.

FORM 990-PF	CORPORATE BONDS	STATEMENT 10
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CAPMARK FINL GROUP INC DUE 05/10/2012 7.875% (100,000)	26,000.	39,250.
BLOCK FINL CORP DUE 1/15/2013 7.875% (34000)	33,198.	35,700.
JA SOLAR HLDGS CO LTD DUE 05/15/2013 4.5% (22,000)	16,843.	20,928.
ENERGY CONVERSION DEVICES INC DUE 06/15/2013 3.00% (51,000)	34,594.	37,995.
INTERNATIONAL LEASE FIN CORP DUE 09/20/2013 5.625% (20,000)	14,620.	20,100.
AMERICAN CAPITAL LIMITED DUE 12/31/2013 8.960% (19,000)	19,428.	19,628.
ALLIS CHALMERS CORP DUE 01/15/2014 9.00% (18,000)	17,213.	18,270.
AMERICAN RAILCAR INDS INC DUE 03/01/2014 7.5% (30,000)	26,925.	30,525.
AMERICAN CASINO & ENTMT PPTYS DUE 06/15/2014 11.000% (33,000)	30,924.	33,495.
LEVEL 3 FING INC DUE 11/01/14 9.25% (33000)	29,655.	32,753.
MCMORAN EXPLORATION CO DUE 11/15/2014 11.875% (19,000)	21,114.	20,995.
CALLON PETE CO DEL DUE 09/15/2016 13.000% (19,000)	18,763.	19,190.
STANDARD PAC CORP NEW DUE 09/15/2016 10.750% (30,000)	33,450.	34,575.
HOVNANIAN K ENTERPRISES INC DUE 10/15/2016 10.625% (31,000)	32,217.	31,775.
CIT GROUP INC DUE 05/01/17 7.00% (32973)	26,720.	33,055.
HARRAHS OPERATING CO INC DUE 06/01/2017 11.250% (31,000)	32,595.	34,875.
ICAHN ENTERPRISES LP/CORP SR DUE 01/15/2018 8.000% (34,000)	34,392.	34,000.
MGM RESORTS INTL DUE 03/01/2018 11.375% (33,000)	34,898.	35,805.
TENET HEALTHCARE CORP DUE 05/01/2018 10.000% (22,000)	18,000.	18,640.

BETTY STIEREN KELSO FOUNDATION

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LIVE NATION INC DUE 07/15/27 2.875% (22,000)	19,179.	19,663.
GLOBAL INDS LTD DUE 08/01/2027 2.750% (47,000)	31,581.	35,250.
GENERAL MOTORS ACCEPTANCE CORP DUE 11/01/31 8.00% (31000)	26,970.	32,240.
SPRINT CAPITAL CORP DUE 03/15/32 8.75% (33000)	28,986.	33,330.
TOTAL TO FORM 990-PF, PART II, LINE 10C	608,265.	672,037.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT 11
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
EAGLE INCOME APPRECIATION II, LP - INVESTMENT	COST	485,027.	655,761.
TOTAL TO FORM 990-PF, PART II, LINE 13		485,027.	655,761.

FORM 990-PF

GRANTS AND CONTRIBUTIONS
PAID DURING THE YEAR

STATEMENT 12

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
ANIMAL DEFENSE LEAGUE 11300 NACOGDOCHES SAN ANTONIO, TX 78217	N/A CHARITABLE	PUBLIC CHARITY	1,000.
BATTERED WOMEN'S SHELTER 2617 NORTH MAIN SAN ANTONIO, TX 78201	N/A CHARITABLE	PUBLIC CHARITY	1,000.
BOYSVILLE 8555 E. LOOP 1604 NORTH CONVERSE, TX 78109	N/A CHARITABLE	PUBLIC CHARITY	1,000.
CHARITY BALL ASSOCIATION P.O. BOX 6708 SAN ANTONIO, TX 78209	N/A CHARITABLE	PUBLIC CHARITY	10,200.
CHILDREN'S BEREAVEMENT CENTER 205 WEST OLMOS DRIVE SAN ANTONIO, TX 78212	N/A CHARITABLE	PUBLIC CHARITY	5,000.
COMMUNITIES IN SCHOOLS SAN ANTONIO 1616 E. COMMERCE ST SAN ANTONIO, TX 78205	N/A CHARITABLE	PUBLIC CHARITY	500.
DOCTORS WITHOUT BORDERS 333 7TH AVENUE, 2ND FLOOR NEW YORK, NY 10001	N/A CHARITABLE	PUBLIC CHARITY	500.
ECUMENICAL CENTER 8310 EWING HALSELL DRIVE SAN ANTONIO, TX 78229	N/A CHARITABLE	PUBLIC CHARITY	500.

BETTY STIEREN KELSO FOUNDATION			74-2442790
GUIDE DOGS OF TEXAS 1503 ALLENA DRIVE SAN ANTONIO, TX 78213	N/A CHARITABLE	PUBLIC CHARITY	15,000.
HABITAT FOR HUMANITY 311 PROBANDT SAN ANTONIO, TX 78204	N/A CHARITABLE	PUBLIC CHARITY	1,000.
HEALY MURPHY CENTER 618 LIVE OAK SAN ANTONIO, TX 78202	N/A CHARITABLE	PUBLIC CHARITY	500.
HISTORICAL CENTRE FOUNDATION P.O. BOX 831078 SAN ANTONIO, TX 78283	N/A CHARITABLE	PUBLIC CHARITY	1,000.
HUMANE SOCIETY 4804 FREDERICKSBURG RD SAN ANTONIO, TX 78229	N/A CHARITABLE	PUBLIC CHARITY	12,000.
KLRN 501 BROADWAY SAN ANTONIO, TX 78215	N/A CHARITABLE	PUBLIC CHARITY	500.
LOS COMPADRES P.O. BOX 12652 SAN ANTONIO, TX 78212	N/A CHARITABLE	PUBLIC CHARITY	2,500.
MD ANDERSON CENTER 1515 HOLCOMBE BLVD HOUSTON, TX 77030	N/A CHARITABLE	PUBLIC CHARITY	1,000.
MEALS ON WHEELS OF SAN ANTONIO 4306 NW LOOP 410 SAN ANTONIO, TX 78229	N/A CHARITABLE	PUBLIC CHARITY	250.
MIND SCIENCE FOUNDATION 117 W. EL PRADO DR. SAN ANTONIO, TX 78212	N/A CHARITABLE	PRIVATE OPERATING FOUNDATION	500.

BETTY STIEREN KELSO FOUNDATION			74-2442790
NATIONAL TRAUMA INSTITUTE P.O. BOX 701347 SAN ANTONIO, TX 78270	N/A CHARITABLE	PUBLIC CHARITY	1,000.
OPERATION COMFORT P.O. BOX 4010 LAGO VISTA, TX 78645	N/A CHARITABLE	PUBLIC CHARITY	1,000.
PEE WEE PET SANCTUARY/CORPUS 1307 SARATOGA CORPUS CHRISTI, TX 78417	N/A CHARITABLE	PUBLIC CHARITY	100.
SAN ANTONIO ACADEMY OF TEXAS 117 E. FRENCH PL. SAN ANTONIO, TX 78212	N/A SCHOLARSHIP	PUBLIC CHARITY	36,145.
SAN ANTONIO RIVER FOUNDATION P.O. BOX 830045 SAN ANTONIO, TX 78283	N/A CHARITABLE	PUBLIC CHARITY	2,500.
SANTA ROSA CHILDREN'S HOSPITAL 333 SANTA ROSA SAN ANTONIO, TX 78207	N/A CHARITABLE	PUBLIC CHARITY	100.
SNIPSA INC P.O. BOX 185 SAN ANTONIO, TX 78209	N/A CHARITABLE	PUBLIC CHARITY	2,500.
SOUTHWEST SCHOOL OF ART AND CRAFT 300 AUGUSTA STREET SAN ANTONIO, TX 78205	N/A CHARITABLE	PUBLIC CHARITY	2,550.
SPECIAL OLYMPICS 7715 CHEVY CHASE DR., STE. 120 AUSTIN, TX 78752	N/A CHARITABLE	PUBLIC CHARITY	100.
ST MARYS HALL 9401 STARCREST DRIVE SAN ANTONIO, TX 78217	N/A SCHOLARSHIP	PUBLIC CHARITY	5,000.

BETTY STIEREN KELSO FOUNDATION			74-2442790
ST PETER PRINCE OF THE APOSTLE 112 MARCIA PLACE SAN ANTONIO, TX 78209	N/A CHARITABLE	PUBLIC CHARITY	750.
SUNSHINE COTTAGE SCHOOL FOR THE DEAF 103 TULETA SAN ANTONIO, TX 78212	N/A CHARITABLE	PUBLIC CHARITY	500.
TEXAS A&M FOUNDATION 401 GEORGE BUSH DRIVE COLLEGE STATION, TX 77840	N/A CHARITABLE	PUBLIC CHARITY	100,000.
THE JAMES DICK FOUNDATION FOR THE PERFORMING ARTS P.O. DRAWER 89 ROUND TOP, TX 78954	N/A CHARITABLE	PUBLIC CHARITY	150.
UNITED WAY OF SAN ANTONIO/BEXAR CO 700 S ALAMO SAN ANTONIO, TX 78205	N/A CHARITABLE	PUBLIC CHARITY	10,000.
UTHSCSA PRESIDENTS COUNCIL 7703 FLOYD CURL DR. SAN ANTONIO, TX 78284	N/A CHARITABLE	PUBLIC CHARITY	10,000.
YOUTH FOR CHRIST 5730 KENWICK ST. SAN ANTONIO, TX 78238	N/A CHARITABLE	PUBLIC CHARITY	1,000.
YOUTH ORCHESTRAS 106 AUDITORIUM CIRCLE, SUITE 130 SAN ANTONIO, TX 78205	N/A CHARITABLE	PUBLIC CHARITY	100.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			227,445.