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

OMB No 1545-0052

2010

Department of the Treasury
Internal Revenue Service

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

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

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

Paul J. Williams Foundation
c/o Joyce K. Fields, 7004 Calen Ct
Midland, TX 79707-1456

A Employer identification number
75-2610617

B Telephone number (see the instructions)
(432) 694-4237

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) ☐ Accounting method ☒ Cash ☐ Accrual
☐ Other (specify) _____

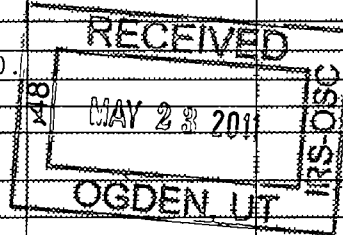
\$ 1,033,782. (Part I, column (d) must be on cash basis)

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) |
|------------------------------------|---------------------------|-------------------------|---|
|------------------------------------|---------------------------|-------------------------|---|

| | | (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 Cl <input checked="" type="checkbox"/> if the foundn is not req to att Sch B | | | | |
| | 3 Interest on savings and temporary cash investments | 223. | 223. | N/A | |
| | 4 Dividends and interest from securities | 11,725. | 11,725. | | |
| | 5a Gross rents | | | | |
| | b Net rental income or (loss) | | | | |
| | 6a Net gain/(loss) from sale of assets not on line 10 | -22,854. | | | |
| | b Gross sales price for all assets on line 6a | 40,809. | | | |
| | 7 Capital gain net income (from Part IV, line 2) | | 0. | | |
| | 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 | 88,001. | 88,001. | | | |
| 12 Total. Add lines 1 through 11 | 77,095. | 99,949. | | | |
| ADMINISTRATIVE AND OPERATING EXPENSES | 13 Compensation of officers, directors, trustees, etc | 8,600. | 7,884. | | 716. |
| | 14 Other employee salaries and wages | | | | |
| | 15 Pension plans, employee benefits | | | | |
| | 16a Legal fees (attach schedule) | | | | |
| | b Accounting fees (attach sch) See St 2 | 1,895. | 1,737. | | 158. |
| | c Other prof fees (attach sch) See St 3 | 9,186. | 9,186. | | |
| | 17 Interest | | | | |
| | 18 Taxes (attach schedule)(see instr) See Stm 4 | 7,195. | 7,157. | | 38. |
| | 19 Depreciation (attach sch) and depletion | | | | |
| | 20 Occupancy | | | | |
| | 21 Travel, conferences, and meetings | | | | |
| | 22 Printing and publications | | | | |
| 23 Other expenses (attach schedule) | | | | | |
| See Statement 5 | 627. | 625. | | 2. | |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | 27,503. | 26,589. | | 914. | |
| 25 Contributions, gifts, grants paid Part XV | 39,000. | | | 39,000. | |
| 26 Total expenses and disbursements. Add lines 24 and 25 | 66,503. | 26,589. | | 39,914. | |
| 27 Subtract line 26 from line 12: | | | | | |
| a Excess of revenue over expenses and disbursements | 10,592. | | | | |
| b Net investment income (if negative, enter 0) | | 73,360. | | | |
| c Adjusted net income (if negative, enter 0-) | | | | | |



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 |
| A S S E T S | 1 Cash — non-interest-bearing | 6,653. | 68,984. | 68,984. |
| | 2 Savings and temporary cash investments | 340,155. | 116,265. | 116,265. |
| | 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) | | | |
| | b Investments — corporate stock (attach schedule) Statement 6 | 243,281. | 216,025. | 417,024. |
| | c Investments — corporate bonds (attach schedule) | | | |
| | 11 Investments — land, buildings, and equipment basis | 19,615. | | |
| Less: accumulated depreciation (attach schedule) See Stmt 7 | 19,615. | 19,615. | 89,000. | |
| 12 Investments — mortgage loans | | | | |
| 13 Investments — other (attach schedule) Statement 8 | | 199,968. | 342,509. | |
| 14 Land, buildings, and equipment basis | | | | |
| Less: accumulated depreciation (attach schedule) | | | | |
| 15 Other assets (describe) | | | | |
| 16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I) | 609,704. | 620,857. | 1,033,782. | |
| L I A B I L I T I E S | 17 Accounts payable and accrued expenses | | 561. | |
| | 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) | | | |
| | 23 Total liabilities (add lines 17 through 22) | 0. | 561. | |
| N E T A S S E T S O R F U N D B A L A N C E S | Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. | <input type="checkbox"/> | | |
| | 24 Unrestricted | | | |
| | 25 Temporarily restricted | | | |
| | 26 Permanently restricted | | | |
| | Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. | <input checked="" type="checkbox"/> | | |
| | 27 Capital stock, trust principal, or current funds | | | |
| | 28 Paid-in or capital surplus, or land, building, and equipment fund | | | |
| | 29 Retained earnings, accumulated income, endowment, or other funds | 609,704. | 620,296. | |
| | 30 Total net assets or fund balances (see the instructions) | 609,704. | 620,296. | |
| | 31 Total liabilities and net assets/fund balances (see the instructions) | 609,704. | 620,857. | |

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 | 609,704. |
| 2 Enter amount from Part I, line 27a | 2 | 10,592. |
| 3 Other increases not included in line 2 (itemize) | 3 | |
| 4 Add lines 1, 2, and 3 | 4 | 620,296. |
| 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 | 620,296. |

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 Publicly Traded Securities | D | | |
| b Capital Gain Dividend | P | Various | 12/20/10 |
| 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 40,797. | | 63,663. | -22,866. |
| b 12. | | | 12. |
| 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 | | | -22,866. |
| b | | | 12. |
| c | | | |
| d | | | |
| e | | | |

| | | | |
|---|--|----------|----------|
| 2 Capital gain net income or (net capital loss) | <div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div> | 2 | -22,854. |
| 3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) | <div style="border: 1px solid black; padding: 2px;"> If gain, also enter in Part I, line 8, column (c) (see the instructions) If (loss), enter -0- in Part I, line 8 </div> | 3 | -22,866. |

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

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

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

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

☐ Yes☒ No

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

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

| (a) Base period years Calendar year (or tax year beginning in) | (b) Adjusted qualifying distributions | (c) Net value of noncharitable-use assets | (d) Distribution ratio (column (b) divided by column (c)) |
|---|--|---|---|
| 2009 | 47,971. | 810,216. | 0.059208 |
| 2008 | 51,517. | 970,291. | 0.053094 |
| 2007 | 49,052. | 1,082,689. | 0.045306 |
| 2006 | 48,042. | 989,701. | 0.048542 |
| 2005 | 43,991. | 942,782. | 0.046661 |

| | | |
|---|----------|----------|
| 2 Total of line 1, column (d) | 2 | 0.252811 |
| 3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years | 3 | 0.050562 |
| 4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5 | 4 | 866,578. |
| 5 Multiply line 4 by line 3 | 5 | 43,816. |
| 6 Enter 1% of net investment income (1% of Part I, line 27b) | 6 | 734. |
| 7 Add lines 5 and 6 | 7 | 44,550. |
| 8 Enter qualifying distributions from Part XII, line 4 | 8 | 39,914. |

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

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

| | | | |
|---|----|--------|--------|
| 1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1 | | | |
| 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 <input type="checkbox"/> and enter 1% of Part I, line 27b | | 1 | 1,467. |
| 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 | 1,467. |
| 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 | 1,467. |
| 6 Credits/Payments | | | |
| a 2010 estimated tax pmts and 2009 overpayment credited to 2010 | 6a | 1,285. | |
| 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 | 1,285. | |
| 8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached | 8 | 2. | |
| 9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed | 9 | 184. | |
| 10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid | 10 | | |
| 11 Enter the amount of line 10 to be: Credited to 2011 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/> | 11 | | |

Part VII-A Statements Regarding Activities

| | Yes | No |
|--|-----|-----|
| 1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? | | X |
| b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? | | 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? | | X |
| d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation <input type="checkbox"/> \$ 0. (2) On foundation managers <input type="checkbox"/> \$ 0. | | |
| e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ 0. | | |
| 2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities | | 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? | | 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 | | 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, column (c), and Part XV | 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 | 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 |

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 <u>N/A</u> | 13 | X | |
| 14 | The books are in care of <u>Joyce K. Fields</u> Telephone no <u>(432) 694-4237</u> Located at <u>7004 Calen Court, Midland, TX</u> ZIP + 4 <u>79707-1456</u> | | | |
| 15 | Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u> <u>N/A</u> | | | |
| 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? | 16 | Yes | No |
| | See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If 'Yes,' enter the name of the foreign country <u></u> | | | 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| (5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| (6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | |
| b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see the instructions)? Organizations relying on a current notice regarding disaster assistance check here <u></u> | 1b | X |
| 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 <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u> | <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 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 <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u> | | |
| 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) | 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 2010? | 4b | X |

BAA

Form 990-PF (2010)

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 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 |
|---|--|---|---|---------------------------------------|
| Joyce K. Fields 7004 Calen Court Midland, TX 79707 | Pres/Treas 1.00 | 8,200. | 0. | 0. |
| Bill Sperry 1730 Ashford Hollow Houston, TX 77077 | Secretary 0 | 200. | 0. | 0. |
| Royce D. Fields 11415 Highgrove Drive Houston, TX 77077 | Vice Preside 0 | 200. | 0. | 0. |
| | | | | |

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

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

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

0

Part 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 | 466,190. |
| b Average of monthly cash balances | 1b | 287,185. |
| c Fair market value of all other assets (see instructions) | 1c | 126,400. |
| d Total (add lines 1a, b, and c) | 1d | 879,775. |
| 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 | 879,775. |
| 4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions) | 4 | 13,197. |
| 5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4 | 5 | 866,578. |
| 6 Minimum investment return. Enter 5% of line 5 | 6 | 43,329. |

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 | 43,329. |
| 2a Tax on investment income for 2010 from Part VI, line 5 | 2a | 1,467. |
| b Income tax for 2010 (This does not include the tax from Part VI) | 2b | |
| c Add lines 2a and 2b | 2c | 1,467. |
| 3 Distributable amount before adjustments Subtract line 2c from line 1 | 3 | 41,862. |
| 4 Recoveries of amounts treated as qualifying distributions | 4 | |
| 5 Add lines 3 and 4 | 5 | 41,862. |
| 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 | 41,862. |

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 | 39,914. |
| 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 | 39,914. |
| 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 | 39,914. |

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

BAA

Form 990-PF (2010)

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 | | | | 41,862. |
| 2 Undistributed income, if any, as of the end of 2010: | | | | |
| a Enter amount for 2009 only | | | 38,747. | |
| b Total for prior years. 20____, 20____, 20____ | | 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 ▶ \$ 39,914. | | | | |
| a Applied to 2009, but not more than line 2a | | | 38,747. | |
| 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 | | | | 1,167. |
| 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: | | | | |
| 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 instructions | | | 0. | |
| f Undistributed income for 2010 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011 | | | | 40,695. |
| 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 2005 not applied on line 5 or line 7 (see instructions) | 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 | | | | |

N/A

►

4942(j)(5)

(4) Gross investment income

[illegible]

assets at any time during the year – see instructions.)

None

None

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

c Any submission deadlines

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

Part 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 Paid during the year See Statement 9 | | | | |
| Total | | | 3a | 39,000. |
| b Approved for future payment | | | | |
| Total | | | 3b | |

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

| Enter gross amounts unless otherwise indicated. | | Unrelated business income | | Excluded by section 512, 513, or 514 | | (e) Related or exempt function income (see the instructions) |
|---|--|---------------------------|---------------|--------------------------------------|---------------|---|
| | | (a) Business code | (b) Amount | (c) Exclu- sion code | (d) Amount | |
| 1 | Program service revenue | | | | | |
| a | | | | | | |
| b | | | | | | |
| c | | | | | | |
| d | | | | | | |
| e | | | | | | |
| f | | | | | | |
| g | Fees and contracts from government agencies | | | | | |
| 2 | Membership dues and assessments | | | | | |
| 3 | Interest on savings and temporary cash investments | | | 14 | 223. | |
| 4 | Dividends and interest from securities | | | 14 | 11,725. | |
| 5 | Net rental income or (loss) from real estate | | | | | |
| a | Debt-financed property | | | | | |
| b | Not debt-financed property | | | | | |
| 6 | Net rental income or (loss) from personal property | | | | | |
| 7 | Other investment income | | | 15 | 88,001. | |
| 8 | Gain or (loss) from sales of assets other than inventory | | | 18 | -22,854. | |
| 9 | Net income or (loss) from special events | | | | | |
| 10 | Gross profit or (loss) from sales of inventory | | | | | |
| 11 | Other revenue | | | | | |
| a | | | | | | |
| b | | | | | | |
| c | | | | | | |
| d | | | | | | |
| e | | | | | | |
| 12 | Subtotal. Add columns (b), (d), and (e) | | | | 77,095. | |
| 13 | Total. Add line 12, columns (b), (d), and (e) | | | | | 77,095. |

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

| | |
|------------------|--|
| 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 | | X |
| (2) Other assets | | X |
| b Other transactions | | |
| (1) Sales of assets to a noncharitable exempt organization | | X |
| (2) Purchases of assets from a noncharitable exempt organization | | X |
| (3) Rental of facilities, equipment, or other assets | | X |
| (4) Reimbursement arrangements | | X |
| (5) Loans or loan guarantees | | X |
| (6) Performance of services or membership or fundraising solicitations | | X |
| c Sharing of facilities, equipment, mailing lists, other assets, or paid employees | | 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.

[illegible]

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

☐ Yes ☒ No

b If 'Yes,' complete the following schedule

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

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

Sign
Here

Signature of officer or trustee

Date _____

President

Title

Print/Type preparer's name

Preparer's signature

Date _____

Check if ☒ if

| |
|------|
| PTIN |
|------|

Christine W. Taylor

Chas V. Zuer

5/16/2011

self employed

P01254015

**Paid
Preparer
Use Only**

Firm's name

1. **Introduction**

Christine W. Taylor, CPA

4400 N. Big Spring, Suite A-1

Midland, TX 79705

Firm's EIN ▶ 75-2309846

Phone no

(432) 686-0488

BAA

Form 990-PF (2010)

2010

Federal Statements

Page 1

Client WILLIAMS

Paul J. Williams Foundation

75-2610617

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

| | (a) Revenue per Books | (b) Net Investment Income | (c) Adjusted Net Income |
|-------------------------|-----------------------------|---------------------------------|-------------------------------|
| Other Investment Income | \$ 88,001. | \$ 88,001. | |
| Total | \$ 88,001. | \$ 88,001. | 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 |
|--------------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Bookkeeping & Tax Return | \$ 1,895. | \$ 1,737. | | \$ 158. |
| Total | \$ 1,895. | \$ 1,737. | | \$ 158. |

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 |
|------------------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Appraisal Fees | \$ 5,893. | \$ 5,893. | | |
| Landman Researching Fees-O&G | 3,293. | 3,293. | | |
| Total | \$ 9,186. | \$ 9,186. | | \$ 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 Taxes | \$ 2,523. | \$ 2,523. | | |
| Foreign Tax | 92. | 92. | | |
| Gross Production Tax | 4,121. | 4,121. | | |
| Payroll Taxes | 459. | 421. | | \$ 38. |
| Total | \$ 7,195. | \$ 7,157. | | \$ 38. |

Client WILLIAMS

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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 |
|------------------------|------------------------------|---------------------------------|-------------------------------|-------------------------------|
| Bank Service Charges | \$ 25. | \$ 23. | | \$ 2. |
| Broker Annual Fee | 80. | 80. | | |
| Broker Certificate Fee | 13. | 13. | | |
| Mineral Expense | 509. | 509. | | |
| Total | \$ 627. | \$ 625. | | \$ 2. |

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

| Corporate Stocks | Valuation Method | Book Value | Fair Market Value |
|---|---------------------|--------------------|----------------------|
| 250 shs AMN Software Inc Cl A | Cost | \$ 1,281. | \$ 1,693. |
| 400 shs Caterpillar Inc Del | Cost | 6,238. | 37,464. |
| 66 shs Du Pont E I De Nemours | Cost | 2,236. | 3,292. |
| 500 shs NextEra Energy Inc | Cost | 9,750. | 25,995. |
| 1350 shs Gap Inc Delaware | Cost | 7,025. | 29,889. |
| 100 shs Intl Business Machines Corp | Cost | 2,413. | 14,676. |
| 220 shs Bank of America Corp | Cost | 3,003. | 2,935. |
| 522 shs ConocoPhillips | Cost | 8,744. | 35,548. |
| 250 shs Ryder System Inc | Cost | 5,938. | 13,160. |
| 578 shs AT&T Inc | Cost | 13,168. | 16,982. |
| 500 shs Terex Corp Del New Com | Cost | 1,219. | 15,520. |
| 500 shs Wal-Mart Stores Inc | Cost | 6,719. | 26,965. |
| 2000 shs Citigroup Inc | Cost | 22,986. | 9,460. |
| 1950 shs Southwest Airlns Co | Cost | 21,098. | 25,311. |
| 200 shs Cisco Systems Inc | Cost | 15,601. | 4,046. |
| 78 shs Gentiva Health Svcs Inc | Cost | 441. | 2,075. |
| 361 shs Pfizer Inc | Cost | 5,315. | 6,321. |
| 250 shs Telefonos De Mexico SAB de CV A | Cost | 657. | 3,998. |
| 375 shs America Movil SAB de CV ADR | Cost | 730. | 21,443. |
| 240 shs Chevron Corp | Cost | 8,014. | 21,900. |
| 67 shs Mirant Corp Escrow | Cost | 0. | 0. |
| 88 shs Monsanto Co New Del Com | Cost | 345. | 6,128. |
| 500 shs Barrick Gold Corporation | Cost | 9,710. | 26,590. |
| 335 shs Ameren Corp | Cost | 15,882. | 9,444. |
| 246 shs Public Storage \$0.10 | Cost | 21,429. | 24,949. |
| 261 shs Spectra Energy Corp | Cost | 2,642. | 6,522. |
| 700 shs JDS Uniphase Corp | Cost | 8,392. | 10,136. |
| 200 shs Progress Energy Inc | Cost | 9,023. | 8,696. |
| 100 shs Wisconsin Energy Corp | Cost | 6,026. | 5,886. |
| Total | | \$ 216,025. | \$ 417,024. |

Client WILLIAMS

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Statement 7
Form 990-PF, Part II, Line 11
Investments - Land, Buildings, and Equipment

| Category | Basis | Accum. Deprec. | Book Value | Fair Market Value |
|----------|------------|-------------------|---------------|----------------------|
| Land | \$ 19,615. | | \$ 19,615. | \$ 89,000. |
| Total | \$ 19,615. | \$ 0. | \$ 19,615. | \$ 89,000. |

Statement 8
Form 990-PF, Part II, Line 13
Investments - Other

| | Valuation Method | Book Value | Fair Market Value |
|--|---------------------|---------------|----------------------|
| <u>Other Investments</u> | | | |
| Oil & Gas Mineral Interests | Cost | \$ 0. | \$ 124,700. |
| <u>Other Publicly Traded Securities</u> | | | |
| 5103 shs Hartford Short Duration Fd Cl C | Cost | 50,009. | 50,111. |
| 10753 shs Lord Abbett Short Duration Inc | Cost | 50,001. | 49,786. |
| 850 shs Spdr Gold Trust | Cost | 99,958. | 117,912. |
| Total | | \$ 199,968. | \$ 342,509. |

Statement 9
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

| Name and Address | Donee Relationship | Found- ation Status | Purpose of Grant | Amount |
|---|-----------------------|---------------------------|--|-----------|
| High Sky Children's Ranch 8701 West County Road 60 Midland, TX 79707 | None | Public | Assistance to abused, neglected and troubled children | \$ 5,000. |
| Hospice of Midland, Inc. 911 West Texas Midland, TX 79701 | None | Public | Assistance to the terminally ill | 5,000. |
| M D Anderson Cancer Ctr P. O. Box 301439 Houston, TX 77230 | None | Public | Cancer research | 1,000. |
| Make-A-Wish Foundation of North Texas 407 N. Big Spring, Ste 208 Midland, TX 79701 | None | Public | Granting wishes to children under 18 with life threatening illnesses | 1,000. |

Client WILLIAMS

Paul J. Williams Foundation

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Statement 9 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

| <u>Name and Address</u> | <u>Donee Relationship</u> | <u>Found- ation Status</u> | <u>Purpose of Grant</u> | <u>Amount</u> |
|--|-------------------------------|------------------------------------|--|-------------------|
| Manor Park, Inc. 2208 N. Loop 250 West Midland, TX 79707 | None | Public | Care and housing for seniors | \$ 4,000. |
| Midland Bible Church 2800 North A Street Midland, TX 79705 | None | Public | General functions of the church | 9,000. |
| West of the Pecos Museum Dot Stafford St. & Highway 285 Pecos, TX 79772 | None | Public | Promoting Pecos, TX and preserving western heritage | 3,000. |
| Midland Classical Academy 5711 Whitman Drive Midland, TX 79705 | None | Public | Providing classical education based on a Christian worldview | 9,000. |
| Wesley Academy 10570 Westpark Drive Houston, TX 77042 | None | Public | Wesley Academy - Providing education for three-year-olds through grade eight in an environment that embodies the Christian faith | 2,000. |
| Total | | | | \$ <u>39,000.</u> |

12/31/10

2010 Federal Book Depreciation Schedule

Page 1

Client WILLIAMS

Paul J. Williams Foundation

75-2610617

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| No. | Description | Date Acquired | Date Sold | Cost/ Basis | Bus Pct. | Cur 179 Bonus | Special Dep Allow. | Prior 179/ Bonus/ Sp. Depr. | Prior Dec Bal Depr. | Salvage /Basis Reductn | Depr Basis | Prior Depr. | Method | Life | Rate | Current Depr. |
|------------------------------|------------------|------------------|--------------|----------------|-------------|---------------------|--------------------------|--------------------------------------|---------------------------|------------------------------|---------------|----------------|--------|------|------|------------------|
| Form 990/990-PF | | | | | | | | | | | | | | | | |
| Furniture and Fixtures | | | | | | | | | | | | | | | | |
| 1 | Telephone System | 9/23/98 | 1/01/10 | 1,234 | | | | | | | 1,234 | 1,234 | S/L | HY | 7 | 0 |
| Total Furniture and Fixtures | | | | 1,234 | | 0 | 0 | 0 | 0 | 0 | 1,234 | 1,234 | | | | 0 |
| Total Depreciation | | | | 1,234 | | 0 | 0 | 0 | 0 | 0 | 1,234 | 1,234 | | | | 0 |
| Grand Total Depreciation | | | | 1,234 | | 0 | 0 | 0 | 0 | 0 | 1,234 | 1,234 | | | | 0 |
| Depreciation Assets Sold | | | | 1,234 | | 0 | 0 | 0 | 0 | 0 | 1,234 | 1,234 | | | | 0 |
| Depr Remaining Assets | | | | 0 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | | 0 |

2010

Federal Supporting Detail

Page 1

Client WILLIAMS

Paul J. Williams Foundation

75-2610617

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Other Income Producing Activities
Other investment income [O]

| | | |
|------------------------------|----|----------------|
| Oil & Gas Royalty Income | \$ | 83,989. |
| Oil & Gas Lease Bonus Income | | 4,012. |
| Other Investment Income | | 0. |
| Total | \$ | <u>88,001.</u> |

Net Investment Income / Adj. Net Income
Other investment income

| | | |
|------------------------------|----|----------------|
| Oil & Gas Royalty Income | \$ | 83,989. |
| Oil & Gas Lease Bonus Income | | 4,012. |
| Delay Lease Rental | | 0. |
| Total | \$ | <u>88,001.</u> |

FMV of Assets (990-PF)
Land

| | | |
|--------------------------|----|----------------|
| Real Estate and Minerals | | \$ 89,000. |
| Total | \$ | <u>89,000.</u> |

Client WILLIAMS

Paul J. Williams Foundation

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Average Monthly Fair Market Value of Securities
Form 990-PF, Part X, Line 1a

| Security | January | February | March | April | May | June | July | August | September | October | November | December |
|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 353,391 | 348,082 | 363,977 | 384,082 | 376,469 | 351,527 | 452,704 | 560,399 | 575,496 | 600,300 | 607,172 | 620,681 |
| Averages | <u>353,391</u> | <u>348,082</u> | <u>363,977</u> | <u>384,082</u> | <u>376,469</u> | <u>351,527</u> | <u>452,704</u> | <u>560,399</u> | <u>575,496</u> | <u>600,300</u> | <u>607,172</u> | <u>620,681</u> |

Totals 5,594,280 Number of Months 12Average Monthly Fair Market Value 466,190

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

2010Attachment
Sequence No **67**

Name(s) shown on return

Paul J. Williams Foundation

Identifying number

75-2610617

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 instructions) | 1 | |
| 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 | |
| 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 2009 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 2011 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 | |

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 2010 | 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 <input type="checkbox"/> | | |

Section B — Assets Placed in Service During 2010 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 | |
| i Nonresidential real property | | | 27.5 yrs | MM | S/L | |
| | | | 39 yrs | MM | S/L | |

Section C — Assets Placed in Service During 2010 Tax Year Using the Alternative Depreciation System

| | | | | | | |
|----------------|--|--|--------|----|-----|--|
| 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 | |
| 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 | |