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Form 990-PF

Return of Private Foundation

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

2011

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

For calendar year 2011, or tax year beginning 01-01-2011, and ending 12-31-2011

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
THE CHARLES C MATTHEWS FOUNDATION

Number and street (or P O box number if mail is not delivered to street address) P O BOX 427
Room/suite

City or town, state, and ZIP code
CARTHAGE, TX 75633

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, col. (c), line 16) **\$ 12,065,184** **J** Accounting method Cash Accrual
 Other (specify) *(Part I, column (d) must be on cash basis.)*

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see page 11 of the instructions))*

		(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 (attach schedule)	860,377			
2	Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3	Interest on savings and temporary cash investments	11,232	11,232		
4	Dividends and interest from securities.	328,791	129,359		
5a	Gross rents	4,500	4,500		
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	4,561			
b	Gross sales price for all assets on line 6a 461,853				
7	Capital gain net income (from Part IV, line 2)		4,561		
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) (attach schedule)	491,946	480,001		
11	Other income (attach schedule)				
12	Total. Add lines 1 through 11	1,701,407	629,653	15,136	

13	Compensation of officers, directors, trustees, etc	108,000	43,200	
14	Other employee salaries and wages	9,525		
15	Pension plans, employee benefits			
16a	Legal fees (attach schedule)	8,193		
b	Accounting fees (attach schedule)	9,075	9,075	
c	Other professional fees (attach schedule)	4,817		
17	Interest			
18	Taxes (attach schedule) (see page 14 of the instructions)	21,336	632	
19	Depreciation (attach schedule) and depletion	1,108		
20	Occupancy	1,611	644	
21	Travel, conferences, and meetings	4,754		
22	Printing and publications			
23	Other expenses (attach schedule)	44,590	43,329	
24	Total operating and administrative expenses.			
	Add lines 13 through 23	213,009	96,880	0
25	Contributions, gifts, grants paid.	335,000		335,000
26	Total expenses and disbursements. Add lines 24 and 25	548,009	96,880	335,000

27	Subtract line 26 from line 12			
a	Excess of revenue over expenses and disbursements	1,153,398		
b	Net investment income (if negative, enter -0-)		532,773	
c	Adjusted net income (if negative, enter -0-)			15,136

	Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing				
	2 Savings and temporary cash investments	3,656,788	2,988,047	2,988,047	
	3 Accounts receivable ► 80,000				
	Less allowance for doubtful accounts ►	4,046	80,000	80,000	
	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 page 15 of the instructions)				
	7 Other notes and loans receivable (attach schedule) ►				
	Less allowance for doubtful accounts ►				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges		6,100	6,100	
	10a Investments—U S and state government obligations (attach schedule)				
	b Investments—corporate stock (attach schedule)	712,181	1,157,177	1,210,741	
	c Investments—corporate bonds (attach schedule)	3,387,024	3,175,003	3,267,085	
	11 Investments—land, buildings, and equipment basis ►				
Less accumulated depreciation (attach schedule) ►					
12 Investments—mortgage loans					
13 Investments—other (attach schedule)	3,694,746	5,290,948	4,513,211		
14 Land, buildings, and equipment basis ► 666,676					
Less accumulated depreciation (attach schedule) ► 1,244	754,524	665,432			
15 Other assets (describe ►)					
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	12,209,309	13,362,707	12,065,184		
Liabilities	17 Accounts payable and accrued expenses				
	18 Grants payable				
	19 Deferred revenue				
	20 Loans from officers, directors, trustees, and other disqualified persons				
	21 Mortgages and other notes payable (attach schedule)				
	22 Other liabilities (describe ►)				
	23 Total liabilities (add lines 17 through 22)			0	
	Foundations that follow SFAS 117, check here ► <input type="checkbox"/> 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 ► <input checked="" type="checkbox"/> and complete lines 27 through 31.				
	27 Capital stock, trust principal, or current funds	12,209,309	13,362,707		
	28 Paid-in or capital surplus, or land, bldg , and equipment fund				
	29 Retained earnings, accumulated income, endowment, or other funds				
30 Total net assets or fund balances (see page 17 of the instructions)	12,209,309	13,362,707			
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	12,209,309	13,362,707			
Net Assets or Fund Balances					

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	12,209,309
2	Enter amount from Part I, line 27a	2	1,153,398
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	13,362,707
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	13,362,707

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.)
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1a See Additional Data Table			
b			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
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a See Additional Data Table			
b			
c			
d			
e			

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

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
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a See Additional Data Table			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))	2	4,561
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)		3	15,136

If gain, also enter in Part I, line 8, column (c) (see pages 13 and 17 of the instructions)
If (loss), enter -0- in Part I, line 8

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 page 18 of 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 (col (b) divided by col (c))
2010	390,004	5,484,857	0 071106
2009	1,014	20,303	0 049943
2008	963	19,303	0 049889
2007	887	17,782	0 049882
2006	805	16,136	0 049888

2 Total of line 1, column (d).	2	0 270708
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 054142
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5.	4	11,165,408
5 Multiply line 4 by line 3.	5	604,518
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	5,328
7 Add lines 5 and 6.	7	609,846
8 Enter qualifying distributions from Part XII, line 4.	8	335,000

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1	1	10,655	
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			
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-)			
3	Add lines 1 and 2.	3		
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4		
5	Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-	5		
6	Credits/Payments			
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	6,100	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c	16,559	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments Add lines 6a through 6d.	7		
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11	Enter the amount of line 10 to be Credited to 2012 estimated tax <input type="checkbox"/> 12,000 Refunded <input type="checkbox"/>	11	4	

Part VII-A Statements Regarding Activities

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?	Yes	No
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	Yes	No
	<i>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.</i>		
1c	Did the foundation file Form 1120-POL for this year?	Yes	No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year		
	(1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	Yes	No
	<i>If "Yes," attach a detailed description of the activities.</i>		
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? <i>If "Yes," attach a conformed copy of the changes</i>	Yes	No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	Yes	No
b	If "Yes," has it filed a tax return on Form 990-T for this year?	Yes	No
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	Yes	No
	<i>If "Yes," attach the statement required by General Instruction T.</i>		
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either		
	● By language in the governing instrument, or		
	● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/>		
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? <i>If "No," attach explanation.</i>	Yes	
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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV on page 27)? <i>If "Yes," complete Part XIV</i>	Yes	No
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	Yes	No

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 page 20 of the instructions).	11		No
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	
Website address ► N/A				
14	The books are in care of ► RAYMOND C SCHIEFFER PC CPA Telephone no ► (903) 693-7837			
	Located at ► 1146 W PANOLA CARTHAGE TX ZIP +4 ► 75633			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ►	15		
	and enter the amount of tax-exempt interest received or accrued during the year ►			
16	At any time during calendar year 2011, 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 ►				

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?	□ Yes	✓ No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	□ Yes	✓ No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	□ Yes	✓ No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	□ Yes	✓ No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	□ Yes	✓ No
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days).	□ Yes	✓ No
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	1b	No
	Organizations relying on a current notice regarding disaster assistance check here. ►		
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1c	No
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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011?	2a	
	► If "Yes," list the years ► 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 20 of the instructions)	2b	No
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	3a	
	► If "Yes," list the years ► 20____, 20____, 20____, 20____		
b	If "Yes," did it have excess business holdings in 2011 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 2011).	3b	No
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	No
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 2011?	4b	No

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))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 page 22 of the instructions). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/> Yes	5b		No
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If "Yes," attach the statement required by Regulations section 53.4945–5(d).</i>			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	6b		No
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <i>If "Yes" to 6b, file Form 8870.</i>			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	7b		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?			

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 page 22 of the instructions).**

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

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the 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
Total number of other employees paid over \$50,000.				

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

3 Five highest-paid independent contractors for professional services (see page 23 of the instructions). If none, enter "NONE"

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

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.

1	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments** (see page 23 of the instructions)

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

1	
2	
All other program-related investments. See page 24 of the instructions	
3	
Total	Add lines 1 through 3

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	8,149,603
b Average of monthly cash balances.	1b	3,185,837
c Fair market value of all other assets (see page 24 of the instructions).	1c	0
d Total (add lines 1a, b, and c).	1d	11,335,440
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2 Acquisition indebtedness applicable to line 1 assets.	2	
3 Subtract line 2 from line 1d.	3	11,335,440
4 Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see page 25 of the instructions).	4	170,032
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	11,165,408
6 Minimum investment return. Enter 5% of line 5.	6	558,270

Part XI Distributable Amount (see page 25 of the 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	558,270
2a Tax on investment income for 2011 from Part VI, line 5.	2a	10,655
b Income tax for 2011 (This does not include the tax from Part VI).	2b	
c Add lines 2a and 2b.	2c	10,655
3 Distributable amount before adjustments Subtract line 2c from line 1.	3	547,615
4 Recoveries of amounts treated as qualifying distributions.	4	
5 Add lines 3 and 4.	5	547,615
6 Deduction from distributable amount (see page 25 of the instructions).	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	547,615

Part XII Qualifying Distributions (see page 25 of the 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	335,000
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	335,000
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 page 26 of the instructions).	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4.	6	335,000

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

Part XIII Undistributed Income (see page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				547,615
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2011				
a From 2006.				
b From 2007.				
c From 2008.				
d From 2009.				
e From 2010.	127,601			
f Total of lines 3a through e.	127,601			
4 Qualifying distributions for 2011 from Part XII, line 4 ► \$ 335,000				
a Applied to 2010, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions).				
d Applied to 2011 distributable amount.				335,000
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	127,601			127,601
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b.				
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.				
d Subtract line 6c from line 6b Taxable amount—see page 27 of the instructions				
e Undistributed income for 2010 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f Undistributed income for 2011 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011.				85,014
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions).				
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see page 27 of the instructions).				
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2007.				
b Excess from 2008.				
c Excess from 2009.				
d Excess from 2010.				
e Excess from 2011.				

Part XIV Private Operating Foundations (see page 27 of the instructions and Part VII-A, question 9)

1a	If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, enter the date of the ruling. ►			
b	Check box to indicate whether the organization is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)			
2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed.			
b	85% of line 2a.			
c	Qualifying distributions from Part XII, line 4 for each year listed.			
d	Amounts included in line 2c not used directly for active conduct of exempt activities.			
e	Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c.			
3	Complete 3a, b, or c for the alternative test relied upon			
a	"Assets" alternative test—enter			
(1)	Value of all assets.			
(2)	Value of assets qualifying under section 4942(j)(3)(B)(i)			
b	"Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.			
c	"Support" alternative test—enter			
(1)	Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties).			
(2)	Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).			
(3)	Largest amount of support from an exempt organization			
(4)	Gross investment income			

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see page 27 of the instructions.)**1 Information Regarding Foundation Managers:**

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

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

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

Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

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

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

c Any submission deadlines

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

Part 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 Additional Data Table				
Total			► 3a	335,000
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 page 28 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion 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	11,232	
4 Dividends and interest from securities.			14	328,791	
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.					
8 Gain or (loss) from sales of assets other than inventory			18	4,561	
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).				836,530	
13 Total. Add line 12, columns (b), (d), and (e).					836,530
(See worksheet in line 13 instructions on page 28 to verify calculations)					

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

Part XVII **Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations**

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

a Transfers from the reporting foundation to a noncharitable exempt organization or

b Other transactions

- (1) Sales of assets to a noncharitable exempt organization.
- (2) Purchases of assets from a noncharitable exempt organization.
- (3) Rental of facilities, equipment, or other assets.
- (4) Reimbursement arrangements.
- (5) Loans or loan guarantees.
- (6) Performance of services or membership or fundraising solicitations.

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.

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.

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
<p>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.</p>		
<p>***** Signature of officer or trustee</p>	<p>2012-05-10 Date</p>	<p>***** Title</p>
<p>Sign Here Paid Preparer's Use Only</p>	<p>Preparer's Signature RAYMOND SCHIEFFER</p>	<p>Date 2012-08-09 Check if self-employed <input checked="" type="checkbox"/></p>
	<p>Firm's name RAY C SCHIEFFER PC CPA</p>	<p>Firm's EIN <input type="checkbox"/></p>
	<p>1146 W PANOLA</p>	<p>Phone no (903) 693-7837</p>
	<p>Firm's address CARTHAGE, TX 75633</p>	

May the IRS discuss this return with the preparer shown above? See Instructions Yes No

2011

Schedule B
(Form 990, 990-EZ,
or 990-PF)Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

► Attach to Form 990, 990-EZ, or 990-PF.

Name of organization

THE CHARLES C MATTHEWS FOUNDATION

Employer identification number

75-2741045

Organization type (check one)**Filers of:****Section:**

Form 990 or 990-EZ

501(c)() (enter number) organization
 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
 527 political organization

Form 990-PF

501(c)(3) exempt private foundation
 4947(a)(1) nonexempt charitable trust treated as a private foundation
 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions**General Rule—**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor Complete Parts I and II

Special Rules

For a section 501(c)(3) organization filing Form 990 or 990-EZ, that met the 33^{1/3}% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1 Complete Parts I and II

For a section 501(c)(7), (8), or (10) organization filing Form 990, or 990-EZ, that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals Complete Parts I, II, and III

For a section 501(c)(7), (8), or (10) organization filing Form 990, or 990-EZ, that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not aggregate to more than \$1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc , contributions of \$5,000 or more during the year ► \$ _____

Caution. An Organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box in the heading of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization
THE CHARLES C MATTHEWS FOUNDATION

Employer identification number

75-2741045

Part I **Contributors** (see Instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	CHARLES MATTHEWS ESTATE PO BOX 427 Carthage, TX 75633	\$ 743,727	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
2	CHARLES MATTHEWS LTD PARTNERSHIP PO BOX 427 Carthage, TX 75633	\$ 116,150	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	—	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	—	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	—	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	—	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	—	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
—	—	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization THE CHARLES C MATTHEWS FOUNDATION			Employer identification number 75-2741045
Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations aggregating more than \$1,000 for the year. (Complete columns (a) through (e) and the following line entry) For organizations completing Part III, enter the total of <i>exclusively religious, charitable, etc., contributions of \$1,000 or less</i> for the year (Enter this information once See instructions) ► \$ Use duplicate copies of Part III if additional space is needed			
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
—	—	—	—
(e) Transfer of gift Transferee's name, address, and ZIP 4		Relationship of transferor to transferee	
—	—	—	—
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
—	—	—	—
(e) Transfer of gift Transferee's name, address, and ZIP 4		Relationship of transferor to transferee	
—	—	—	—
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
—	—	—	—
(e) Transfer of gift Transferee's name, address, and ZIP 4		Relationship of transferor to transferee	
—	—	—	—
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
—	—	—	—
(e) Transfer of gift Transferee's name, address, and ZIP 4		Relationship of transferor to transferee	
—	—	—	—

Additional Data

Software ID:

Software Version:

EIN: 75-2741045

Name: THE CHARLES C MATTHEWS FOUNDATION

Form 990PF - Special Condition Description:

Special Condition Description

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
TIMBER SOLD	P	2010-04-02	2011-12-31
CHEVRON - DAMAGES	P	2010-04-02	2011-12-14
PFM LLC--WELL LOCATION	P	2010-04-02	2011-06-28
CAPITAL GAIN DISTRIBUTIONS HD VEST	P	2011-01-01	2011-12-31
ENTERPRISE PRODUCTS PTNRS LP K-1	P	2011-01-01	2011-12-31
SAB EQUITY PTNRSHP LP K-1 ST CG	P	2011-01-01	2011-12-31
SAB EQUITY PTNRSHP LP K-1 LT CG	P	2010-04-02	2011-12-31
ACCO BRANDS CORP COM - 100 SH - IPI	D	2010-04-02	2011-02-17
CHESAPEAKE ENERGY CORP - 200 SH - IPI	D	2010-04-02	2011-02-17
FT UNIT 1994 INFL HEDGE - 1220 699 SH - IPI	D	2010-04-02	2011-04-01
FORTUNE BRANDS -- CASH IN LIEU - IPI	D	2010-04-02	2011-10-07
HARLEY DAVIDSON INC - 250 SH - IPI	D	2010-04-02	2011-02-17
MOODY'S CORP - 200 SHARES - IPI	D	2010-04-02	2011-02-17
SANTARUS INC - 200 SH - IPI	D	2010-04-02	2011-02-17
CEMEX SAB DE C V ADR -- CASH IN LIEU - HDV	D	2011-03-31	2011-03-31
CITIGROUP INC NEW -- CASH IN LIEU - HDV	D	2011-05-06	2011-05-09
ENSCO PLC SPSRD ADR -- CASH IN LIEU - HDV	D	2011-06-08	2011-06-08
DALLAS TX AREA RAPID REV 12/01/31 - HDV	D	2002-01-16	2011-12-01
DALLAS TX AREA RAPID REV 12/01/26 - HDV	D	2001-08-01	2011-12-01
DALLAS TX AREA RAPID REV 12/01/26 - HDV	D	2001-08-01	2011-12-01
HUNTINGTON INGALLS IND - CASH IN LIEU - HDV	D	2010-04-02	2011-03-31
LOWER CO RIVER AUTH REV 4% 5/15/19 - HDV	D	2004-03-26	2011-05-16
MERRILL LYNCH BK CD 6/30/11 - HDV	D	2007-06-26	2011-06-30
NATL WESTERN LIFE INS CO/A - 54 497 SH - HDV	D	2010-04-02	2011-07-21
PHOENIX CO INC - 22 665 - HDV	D	2010-04-02	2011-07-21
REGIONS FINANCIAL CORP - 309 616 SH - HDV	D	2010-04-02	2011-07-21
SAN JAC CMNTY COLLEGE 5% 2/15/29 - HDV	D	2002-04-26	2011-02-15
SANTARUS INC - 300 SHARES - HDV	D	2009-12-03	2011-07-21
SEAHAWK DRILLING INC - 6 SH - HDV	D	2001-09-19	2011-07-21
VICTORIA TX UNLTD 5% 8/15/23 - HDV	D	2001-12-26	2011-08-15

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
VIRTUS INVTMT PTNRS INC - 12 SH - HDV	D	2009-01-02	2011-07-21
BCM 99-B A2 6 975% 6/15/12 - HDV	D	2010-04-02	2011-12-31
BCM 99-B A3 7 18% 12/15/15 - HDV	D	2010-04-02	2011-12-31
FT UT 701 ADV DISC BD - HDV	D	2010-04-02	2011-02-28
FT UT 701 ADV DISC BD - HDV	D	2010-04-02	2011-11-30
GOLDMAN SACHS G&I FD A - 246 508 SH - HDV	D	2010-04-02	2011-06-16
PHOENIX CO INC - 229 SH - HDV	D	2001-08-01	2011-07-21
PORT AUTH NY & NJ 5 34% - HDV	D	2010-04-02	2011-12-01
PRIDE INTL INC - 100 SH - HDV	D	2001-09-19	2011-06-08

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
67,997		67,997	
4,500		4,500	
48,087		48,087	
5,870			5,870
6			6
1,266			1,266
2,956			2,956
856		766	90
5,939		4,728	1,211
18,947		15,253	3,694
7			7
10,458		7,017	3,441
5,996		5,950	46
584		1,076	-492
8			8
11			11
43		41	2
25,000		26,786	-1,786
40,000		42,857	-2,857
10,000		10,198	-198
36		53	-17
25,000		24,928	72
50,000		56,579	-6,579
9,588		9,804	-216
49		54	-5
1,823		2,406	-583
40,000		41,573	-1,573
942		1,620	-678
17		112	-95
45,000		45,890	-890

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
856		248	608
1,402		1,402	
2,203		2,203	
11,442		11,442	
5,229		5,229	
5,130		4,941	189
497		550	-53
10,000		9,901	99
4,108		3,101	1,007

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

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

**(I) 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	(I) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
			5,870
			6
			1,266
			2,956
			90
			1,211
			3,694
			7
			3,441
			46
			-492
			8
			11
			2
			-1,786
			-2,857
			-198
			-17
			72
			-6,579
			-216
			-5
			-583
			-1,573
			-678
			-95
			-890

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - I

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

**(I) 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	(I) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
			608
			189
			-53
			99
			1,007

Form 990PF Part VIII Line 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
ROBERT M UNDERWOOD	TRUSTEE 2 00	18,000		
PO BOX 1138 CARTHAGE, TX 75633				
RICHARD BALLINGER	TRUSTEE 2 00	18,000		
1276 STATE HWY 149 CARTHAGE, TX 75633				
JOHN W CONWAY	TRUSTEE 2 00	18,000		
508 WESTPARK LANE CARTHAGE, TX 75633				
JIMMY D PAYNE	TRUSTEE 2 00	18,000		
CR 304 CARTHAGE, TX 75633				
DAVID BUSH	TRUSTEE 2 00	18,000		
665 CR 403 Carthage, TX 75633				
VERMOYN D REEDER	TRUSTEE 2 00	18,000		
110 CR 1081 Carthage, TX 75633				

Form 990PF Part XV Line 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				
MISSION CARTHAGE INC940 E SABINE ST Carthage, TX 75633	NONE	PUBLIC CHARITY	DONATION	30,000
FIRST UNITED METHODIST CHURCH201 S SHELBY Carthage, TX 75633	NONE	RELIGIOUS ORG	DONATION	30,000
BECKVILLE ISD FOUNDATION1 BEARCAT DR Beckville, TX 75631	NONE	EDUCATIONAL FDN	DONATION	35,000
CARTHAGE ISD FOUNDATION1 BULLDOG DR Carthage, TX 75633	NONE	EDUCATIONAL FND	DONATION	125,000
CARTHAGE ATHLETIC DEPT1 BULLDOG DR Carthage, TX 75633	NONE	PUBLIC CHARITY	SPONSOR FOR CHARITABLE FUNDRAISER	3,000
CARTHAGE ROTARY CLUBPO BOX 653 Carthage, TX 75633	NONE	PUBLIC CHARITY	SPONSOR FOR CHARITABLE FUNDRAISER	1,000
GARY INDEPENDENT SCHOOL DISTRICT132 BOBCAT TRAIL Gary, TX 75643	NONE	EDUCATIONAL	SCHOLARSHIPS	10,000
PANOLA COUNTY HISTORICAL GENEALOGICAL100 EAST SABINE Carthage, TX 75633	NONE	PUBLIC CHARITY	DONATION	5,000
PANOLA COLLEGE1109 W PANOLA Carthage, TX 75633	NONE	EDUCATIONAL	ENDOWED SCHOLARSHIPS	50,000
SAMMY BROWN LIBRARY522 W COLLEGE ST Carthage, TX 75633	NONE	PUBLIC CHARITY	DONATION	10,000
ST JUDES CHILDRENS RESEARCH HOSPITAL501 ST JUDE PLACE Memphis, TN 38105	NONE	PUBLIC CHARITY	DONATION	10,000
STILLWATERS COWBOY CHURCH PO BOX 166 Carthage, TX 75633	NONE	RELIGIOUS ORG	DONATION	10,000
BECKVILLE PRIDE PLAYGROUND 319 CR 246 Beckville, TX 75631	NONE	PUBLIC CHARITY	DONATION	5,000
NEW DESTINATIONS INCPO BOX 1515 Carthage, TX 75633	NONE	PUBLIC CHARITY	DONATION	5,000
BOY SCOUTS1331 EAST 5TH STREET Tyler, TX 75701	NONE	PUBLIC CHARITY	DONATION	1,000
THE SAMARITAN HOUSE324 S SHELBY Carthage, TX 75633	NONE	PUBLIC CHARITY	DONATION	5,000
Total			► 3a	335,000

Form 4562

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172

2011

Department of the Treasury
Internal Revenue Service (99)

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

Attachment
Sequence No 179Name(s) shown on return
THE CHARLES C MATTHEWS FOUNDATION

Business or activity to which this form relates

Identifying number
75-2741045

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	\$ 500,000
2 Total cost of section 179 property placed in service (see instructions)	2	
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	\$ 2,000,000
4 Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5 Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
7 Listed property Enter the amount from line 29	7			
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8			
9 Tentative deduction Enter the smaller of line 5 or line 8	9			
10 Carryover of disallowed deduction from line 13 of your 2010 Form 4562	10			
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	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 2012 Add lines 9 and 10, less line 11 ►	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 2011	17	1,090
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ►		

Section B—Assets Placed in Service During 2011 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2011 Tax Year Using the Alternative Depreciation System

20a Class life		983	7 0	MQ	S/L	18
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	1,108
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	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? Yes No **24b** If "Yes," is the evidence written? Yes No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/Convention	(h) Depreciation/deduction	(i) Elected section 179 cost

25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions) **25**

	%							
	%							
	%							

	%			S/L -				
	%			S/L -				
	%			S/L -				

28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1 **28**

29 Add amounts in column (i), line 26 Enter here and on line 7, page 1 **29**

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
	Yes	No										
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?													Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners														
39 Do you treat all use of vehicles by employees as personal use?														
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?														
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)														

Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year

42 Amortization of costs that begins during your 2011 tax year (see instructions)

43 Amortization of costs that began before your 2011 tax year **43**

44 Total. Add amounts in column (f) See the instructions for where to report **44**

TY 2011 Accounting Fees Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION

EIN: 75-2741045

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	9,075	9,075		

**TY 2011 Investments Corporate
Bonds Schedule**

Name: THE CHARLES C MATTHEWS FOUNDATION
EIN: 75-2741045

Name of Bond	End of Year Book Value	End of Year Fair Market Value
ARLINGTON TX 5%	50,139	53,327
AUSTIN TX REV 4.25%	48,401	50,016
FIRST STATE BANK SAVINGS BONDS	3,140	
CANYON TX REG WTR 5.125%	25,369	26,156
CINCO SW TX MUNI UTIL 5%	23,303	25,976
CLEAR CREEK TX ISD 5%	265,155	275,705
GALVESTON CTY TX 5%	54,750	52,548
UNIVERSITY TX SYS PERM	50,303	50,450
GUADALUPE-BLANCO REV	10,095	10,125
HARRIS CTY SPORTS REV	9,052	8,658
HARRIS CO TX REF TOLL BONDS	25,557	26,219
HARRIS CNTY HEALTH REV	10,063	10,040
DALLAS/FT WORTH AIRPORT	9,394	10,041
KATY TX ISD 4.5%	25,441	25,854
LOWER COLORADO RIVER AUTHORITY 5%	20,125	20,296
LOWER COLORADO RIVER AUTHORITY 5%	5,700	5,322
LOWER COLORADO RIVER AUTHORITY REV	5,906	6,006
NORTH TX TWY 5.75%	25,896	26,574
NO TX MUNI WTR DIST 5%	257,595	266,303
NORTHEAST TX ISD 5%	163,295	171,962
GECC INTERNOTES 6%	48,335	50,499
TX ST TPK AUTH BONDS	18,781	19,968
CHICAGO OHARE AIRPORT	9,593	10,008
EAGLE MTN TX 5%	51,793	53,453
EAGLE PASS TX ISD 5%	232,558	269,083
INDIANA POWER REV	9,858	10,349
MIAMI DADE REV	9,080	9,811
PFLUGERVILLE TX 5%	82,407	81,338
PEARLAND TX WTR & SWR 4.25%	44,571	46,182
SEMINOLE TX ISD 5%	265,155	273,083
SCORRO TX ISD 5%	266,640	280,618
TRAVIS CNTY TX WTR 4.75%	48,938	52,343
GMAC NOTES	79,407	79,624
MORG STAN SU NOTE 7%	250,007	220,000
BCM 1999-B-A2	23,409	25,105
BCM 1999-B-A3	37,630	40,488
UNITED ISD BONDS	41,871	43,099
WELLS FARGO CAP XI 6.25%	5,152	5,034
NACOGDOCHES ISD BONDS	25,389	26,093
ADT 327 INS TX EX MUNI	497,529	519,398
FT 701 DIS CORP 2003-1	14,711	9,416
FT UNIT 2746	19,272	16,288
FT UNIT 2716	4,238	4,227

**TY 2011 Investments Corporate
Stock Schedule**

Name: THE CHARLES C MATTHEWS FOUNDATION

EIN: 75-2741045

Name of Stock	End of Year Book Value	End of Year Fair Market Value
DELL	7,608	7,315
MICROSOFT	14,317	12,745
ABBOTT LABS	25,636	28,122
ALTRIA GROUP	12,424	14,825
AMERICAN ELECTRIC POWER	21,283	25,639
ANADARKO PETROLEUM	25,106	28,624
AT&T CORP	13,516	15,142
BANK OF AMERICA CORP	3,771	1,162
BERKSHIRE HATHAWAY	18,453	17,244
BRISTOL-MYERS	12,963	17,620
DNP SELECT INCOME	18,571	21,847
NORTHROP GRUMMAN	2,492	2,425
CATERPILLAR	39,848	45,300
CEMEX S A B ADR	2,236	1,245
CHESAPEAKE ENERGY CORP	9,822	9,104
CHEVRON CORP	45,849	65,542
CITIGROUP	554	342
COCA COLA COMPANY	12,493	16,021
COMPUTER SCIENCES CORP	8,624	3,745
CONOCOPHILLIPS	10,204	14,574
DOW CHEMICAL	17,151	14,397
CORNING	10,493	6,490
BEAM INC	10,894	11,552
FRANKLIN BANK CORP	5	1
INTEL	22,436	24,269
FORD	32,220	26,900
BOEING	34,960	36,696
EMC CORP - MASS	11,723	10,770
ENSCO PLC ADR	2,536	2,205
ENTERPRISE PROD PTNRS LP	22,382	28,060

Name of Stock	End of Year Book Value	End of Year Fair Market Value
EOG RESOURCES	25,078	31,523
EXXONMOBILE	63,897	73,261
GILEAD SCIENCE	19,773	20,465
HUNTINGTON INGALLS	255	188
HOME DEPOT	8,271	10,528
ISHARES TR MSCI EMG MKT	5,016	4,060
ISHARES TR MSCI EAFE	10,045	7,925
JP MORGAN CHASE & CO	40,853	30,162
KRAFT FOODS	16,935	18,688
LINCOLN NATL CORP INC	16,015	9,873
APACHE CORP	3,111	3,080
APPLIED MATERIALS INC	15,873	12,323
ACUSPHERE INC	18	11
UNITED HEALTHCARE	8,408	12,929
MARKWEST ENERGY PTNR	24,346	29,732
MEDTRONIC	9,999	8,414
NOKIA CORP	3,496	1,079
GENERAL ELECTRIC	29,929	29,019
NATL WESTERN LIFE		
OCCIDENTAL PETROLEUM CORP	7,621	8,246
ORACLE	46,257	46,526
PEPSICO	16,827	16,628
PIEDMONT OFF REATLY	32,518	34,080
PAYCHEX	7,974	7,528
PRINCIPAL FINL	3,303	2,760
PROCTOR & GAMBLE	55,028	57,637
RR DONNELLEY & SONS	9,624	7,215
SOUTHERN COMPANY	26,480	37,032
SPDR DOW JONES	10,305	10,967
SPDR UTILITIES SELECT	24,987	25,726

Name of Stock	End of Year Book Value	End of Year Fair Market Value
TEVA PHARMACEUTICAL	5,320	4,036
TOTAL SA	14,381	12,778
TRANSOCEAN LTD ZUG NAMEN	8,331	3,839
ROYAL DUTCH PETROLEUM	30,396	36,592
VODAFONE	25,132	26,208
WALMART	22,204	23,904
WASHINGTON MUTUAL INC	40	13
WELLS FARGO - NEW	15,398	13,528
WESTERN UNION	3,451	3,693
YUM BRANDS INC	1,715	2,596
ZIMMER HOLDINGS	17,997	16,026

TY 2011 Investments - Other Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION**EIN:** 75-2741045

Category / Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
AIM TAX FREE INTERM/A		105,841	110,691
CAPITAL INCOME BLDR/A		18,945	19,271
GROWTH FUND/A		16,962	16,967
NEW WORLD/A		17,394	16,241
CAPITAL WRLD G&I/A		13,777	12,880
CAPITAL WRLD BOND/A		212,862	210,683
COLUMBIA TAX EXEMPT/A		64,451	66,779
EUROPACIFIC/A		33,944	31,309
OPPNHMR INTL SM CAP/C		597	529
OPPNHMR INTL BOND/A		204,092	195,458
OPPNHMR LTD MUNI/C		132,387	133,833
FRANKLIN INS TAX FREE/A		572,041	525,801
FRANKLIN FED INTTM T/F A		100,089	99,601
FRANKLIN INS TAX FREE INCOME/C		3,423	63,952
DWS LARGE CAP VALUE/A		20,759	21,107
DWS LATIN AMERICA EQTY/A		18,252	13,332
DWS RREEF GLBL INF/A		103,599	100,706
DWS HIGH YIELD TAX FREE/A		48,562	48,794
HARTFORD CAPITAL APPRECIATION/A		22,245	20,131
HARTFORD FLOATING RATE/A		10,395	9,601
MFS EMERGING MKT/A		100,972	96,168
PUTNAM NEW OPPORTUNITIES		2,631	2,821
PUTNAM GLOBAL INC/A		201,927	199,845
PUTNAM AMT FREE INSURED		519,218	532,315
TEMPLETON GLOBAL BOND/A		206,199	196,860
BANK OF THE WEST EQ CD 9-30-16		250,007	245,700
BARCLAY BD EQ CD 10-27-14		49,190	48,090
BARCLAY BD EQ CD 1-27-15		145,770	156,015
BARCLAY BD EQ CD 9-28-15		50,007	46,805
HARRIS BK EQ CD 8-31-16		250,007	250,850
HSBC BK EQ BAS CD 10-2013		58,818	49,450
HSBC INC OPP CD 12-24-13		32,241	29,994
HSBC BK EQ CD 1-29-16		50,826	49,480
HSBC BK EQ CD 9-29-16		71,509	66,052
HSBC GLBL TIT CD 1-29-16		50,770	48,075
JP MORGAN CB 10-31-18		100,211	95,380
UNION BK RUSSELL 7-5-17		101,630	87,640
UNION BANK DJIA 2-2-18		101,320	94,960
UNION BK C/BSKT 10-28-16		50,251	50,000
WELLS FARGO B/COMM 3-9-15		102,002	93,000
WELLS FARGO S&P 6-7-17		101,372	95,125
WEST BANK INC OPPTY 11-25-16		254,303	252,425
KINDER MORGAN PTNR		5,667	8,495
SAB VALUE PARTNERS LP		57,438	
JACKSON NATL ANNUITY		300,000	
WELLS REIT II		56,045	
NATIONWIDE ANNUITY		300,000	

TY 2011 Land, Etc. Schedule**Name:** THE CHARLES C MATTHEWS FOUNDATION**EIN:** 75-2741045

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
RANCH BUILDING	42,530	1,226	41,304	
RANCH LAND	591,546		591,546	
REFORESTATION	31,617		31,617	
WATER WELL	983	18	965	

TY 2011 Legal Fees Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION

EIN: 75-2741045

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ATTORNEY FEES	8,193			

TY 2011 Other Expenses Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION**EIN:** 75-2741045

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
BANK CHARGES	30			
FARM FUEL	83			
INVESTMENT FEES	241	241		
OFFICE SUPPLIES	109			
POST OFFICE BOX RENTAL	56			
PENALTY & LATE CHARGES	167			
SAFE DEPOSIT BOX RENT	80			
REPAIRS & MAINTENANCE - RANCH	299			
ROYALTY SEVERANCE TAX	36,402	36,402		
ROYALTY OTHER DEDUCTIONS	6,686	6,686		
SUPPLIES	166			
KINDER MORGAN LP K-1 NON DED EXP	2			
KINDER MORGAN LP K-1 OTHER DEDUCTS	7			
KINDER MORGAN LP K-1 INT DRLL CSTS	42			
MARKWEST LP K-1 NON DED EXP	1			
ENTRPRS PROD PTNRS K-1 SEC 1231 LOSS	219			

TY 2011 Other Income Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION**EIN:** 75-2741045

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
ANADARKO PETROLEUM CORP 1099	55,411	55,411	
CHEVRON USA INC 1099	370,048	370,048	
CHEVRON USA INC 1099	4,333	4,333	
COMSTOCK RESOURCES INC 1099	5,776	5,776	
EXXONMOBIL OIL CORP 1099	1,366	1,366	
HARLETON OIL & GAS INC 1099	93	93	
KABCO OIL & GAS CO 1099	3,081	3,081	
LACY SERVICES LTD 1099	31,173	31,173	
LACY OPERATIONS LTD 1099	5,711	5,711	
O'BRIEN RESOURCES LLC 1099	13	13	
SAMSON LONESTAR LLC 1099	4,324	4,324	
SILVER OAK OPERATING, LLC 1099	69	69	
XTO ENERGY INC 1099	1,790	1,790	
ANADARKO PETROLEUM CORP 1099 - SS#454-70-5213	632	632	
FRONTLINE GEOSERVICES - SEISMIC TESTING	11,943		
EL PASO SEVERANCE SETTLEMENT	2		
KINDER MORGAN ENERGY PTNRS LP K-1 ORD LOSS	-1,296	-1,296	
MARKWEST ENERGY PTNRS LP K-1 ORD LOSS	-429	-429	
ENTERPRISE PRODUCTS PTNRS LP K-1 ORD LOSS	-2,094	-2,094	

TY 2011 Other Professional Fees Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION**EIN:** 75-2741045

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FORESTRY SERVICES	4,817			

TY 2011 Taxes Schedule

Name: THE CHARLES C MATTHEWS FOUNDATION**EIN:** 75-2741045

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAX	632	632		
PROPERTY TAXES (RANCH)	3,328			
PROPERTY TAXES (ROYALTY)	11,276			
2011 990 ESTIMATED TAX PAYMENTS	6,100			