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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

JUL 1, 2011

, and ending

JUN 30, 2012

Name of foundation

George G. & Alva Hudson Smith Foundation

A Employer identification number

74-2653426

Number and street (or P O box number if mail is not delivered to street address)

Room/suite

P. O. Box 1245

B Telephone number

(254) 582-2531

City or town, state, and ZIP code

Hillsboro, TX 76645-1245

C If exemption application is pending, check here ☐

G Check all that apply:

☐ Initial return☐ Initial return of a former public charity☐ Final return☐ Amended return☐ Address change☐ Name changeD 1. Foreign organizations, check here ☐2 Foreign organizations meeting the 85% test, check here and attach computation ☐

H Check type of organization:

☒ Section 501(c)(3) exempt private foundation☐ Section 4947(a)(1) nonexempt charitable trust☐ Other taxable private foundationE If private foundation status was terminated under section 507(b)(1)(A), check here ☐

I Fair market value of all assets at end of year

J Accounting method:

☐ Cash☒ Accrual

(from Part II, col (c), line 16)

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

\$ 2,178,438. (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))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		46,985.	46,985.		Statement 1
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		125,571.			
b Gross sales price for all assets on line 6a					
7 Capital gain net income (from Part IV, line 2)			125,571.		
8 Net short-term capital gain					
9 Income modifications					
10a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income					
12 Total Add lines 1 through 11		172,556.	172,556.		
13 Compensation of officers, directors, trustees, etc.		0.	0.		0.
14 Other employee salaries and wages		2,500.	0.		1,250.
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees Stmt 2		1,450.	725.		0.
c Other professional fees Stmt 3		22,736.	22,736.		0.
17 Interest					
18 Taxes Stmt 4		3,643.	676.		0.
19 Depreciation and depletion		4.	0.		
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses Stmt 5		4,048.	71.		0.
24 Total operating and administrative expenses. Add lines 13 through 23		34,381.	24,208.		1,250.
25 Contributions, gifts, grants paid		95,024.			95,024.
26 Total expenses and disbursements. Add lines 24 and 25		129,405.	24,208.		96,274.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		43,151.			
b Net investment income (if negative, enter -0-)			148,348.		
c Adjusted net income (if negative, enter -0-)				N/A	

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash - non-interest-bearing		9,151.	12,764.	12,764.
	2	Savings and temporary cash investments		116,085.	91,967.	91,967.
	3	Accounts receivable ▶				
		Less: allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less: allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons				
	7	Other notes and loans receivable ▶				
		Less: allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments - U.S. and state government obligations Stmt 6	874,970.	743,769.	819,868.	
	b	Investments - corporate stock Stmt 7	806,854.	1,002,318.	1,249,643.	
	c	Investments - corporate bonds				
Liabilities	11	Investments - land, buildings, and equipment basis ▶				
		Less: accumulated depreciation ▶				
	12	Investments - mortgage loans				
	13	Investments - other Stmt 8	5,006.	4,196.	4,196.	
	14	Land, buildings, and equipment: basis ▶ 1,953.				
		Less: accumulated depreciation Stmt 9 ▶ 1,953.	4.	0.	0.	
	15	Other assets (describe ▶)				
	16	Total assets (to be completed by all filers)	1,812,070.	1,855,014.	2,178,438.	
	17	Accounts payable and accrued expenses				
	18	Grants payable				
Net Assets or Fund Balances	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable				
	22	Other liabilities (describe ▶ Statement 10)	1,331.	1,124.		
23	Total liabilities (add lines 17 through 22)	1,331.	1,124.			
Net Assets or Fund Balances	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	0.	0.		
	28	Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.		
29	Retained earnings, accumulated income, endowment, or other funds	1,810,739.	1,853,890.			
30	Total net assets or fund balances	1,810,739.	1,853,890.			
31	Total liabilities and net assets/fund balances	1,812,070.	1,855,014.			

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	1,810,739.
2	Enter amount from Part I, line 27a	2	43,151.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,853,890.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,853,890.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a			
b See Attached Statements			
c			
d			
e			

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a			
b			
c			
d			
e 1,487,190.		1,361,619.	125,571.

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			125,571.

2 Capital gain net income or (net capital loss) $\left\{ \begin{array}{l} \text{If gain, also enter in Part I, line 7} \\ \text{If (loss), enter -0- in Part I, line 7} \end{array} \right\}$	2	125,571.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8	3	N/A

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

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

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

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

☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2010	89,226.	1,980,150.	.045060
2009	90,460.	1,832,123.	.049374
2008	93,720.	1,884,894.	.049722
2007	99,994.	2,072,374.	.048251
2006	109,585.	2,110,959.	.051912

2 Total of line 1, column (d)	2	.244319
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	.048864
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	2,113,528.
5 Multiply line 4 by line 3	5	103,275.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,483.
7 Add lines 5 and 6	7	104,758.
8 Enter qualifying distributions from Part XII, line 4 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.	8	96,274.

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

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)		1	2,967.
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		2	0.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		3	2,967.
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
3 Add lines 1 and 2		5	2,967.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)			
5 Tax based on investment income Subtract line 4 from line 3. If zero or less, enter -0-			
6 Credits/Payments:			
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a	2,800.	
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	2,800.	
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	167.	
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"/> 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
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
1c 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> TX		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	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 2011 or the taxable year beginning in 2011 (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

N/A

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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	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>ANDREW L. SMITH</u> Telephone no. ► <u>254-582-2531</u> Located at ► <u>P. O. BOX 1245, HILLSBORO, TX</u> ZIP+4 ► <u>76645-1245</u>			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A	
16	At any time during calendar year 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? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No
				X

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here	N/A	1b
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?		1c
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ►		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions)	N/A	2b
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ►		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 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)	N/A	3b
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?		4b
			X

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

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

N/A

Organizations relying on a current notice regarding disaster assistance check here

☒

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

N/A

☐ Yes ☐ No

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

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

☐ Yes ☒ No

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

If "Yes" to 6b, file Form 8870.

6b

X

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 11		0.	0.	0.

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

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

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

0

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	2,030,732.
b Average of monthly cash balances	1b	114,982.
c Fair market value of all other assets	1c	
d Total (add lines 1a, b, and c)	1d	2,145,714.
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	2,145,714.
4 Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	32,186.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,113,528.
6 Minimum investment return. Enter 5% of line 5	6	105,676.

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	105,676.
2a Tax on investment income for 2011 from Part VI, line 5	2a	2,967.
b Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	2,967.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	102,709.
4 Recoveries of amounts treated as qualifying distributions	4	0.
5 Add lines 3 and 4	5	102,709.
6 Deduction from distributable amount (see instructions)	6	0.
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	102,709.

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	96,274.
b Program-related investments - total from Part IX-B	1b	0.
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the:		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	96,274.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	96,274.

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

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				102,709.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006	4,058.			
b From 2007	265.			
c From 2008	577.			
d From 2009				
e From 2010				
f Total of lines 3a through e	4,900.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► \$	96,274.			
a Applied to 2010, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2011 distributable amount				96,274.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	4,900.			4,900.
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 2010. Subtract line 4a from line 2a Taxable amount - see instr.			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				1,535.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2012 Subtract lines 7 and 8 from line 6a	0.			
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				

N/A

- ☐ 4942(j)(3) or ☐ 4942(j)(5)

Part XV **Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year-see instructions.)**

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				
ABBOTT ISD 219 S FIRST ABBOTT, TX 76621	NONE	N/A	TO REPLACE PLAYGROUND EQUIPMENT WITH NEW ADA ACCESSIBLE EQUIPMENT.	13,825.
ABBOTT CEMETERY ASSOCIATION P O BOX 95 ABBOTT, TX 76621	NONE	N/A	INSTALL FENCE TO PROTECT WEST BOUNDARY FROM VEHICLE VANDALISM.	4,700.
BOYS & GIRLS CLUB OF HILL COUNTY TEXAS, INC 121 W ELM ST HILLSBORO, TX 76645	NONE	N/A	REMOVE & REPLACE CONCRETE FOUNDATION AS PART OF MULTI-PHASE BUILDING PLAN.	9,900.
HILLSBORO FOUNDATION, INC. 121 E FRANKLIN ST HILLSBORO, TX 76645	NONE	N/A	PURCHASE A MEMORIAL BENCH & PLAGUE TO HONOR 2ND LT. JAMES HARRIS.	1,100.
HILL COUNTRY MUSEUM, INC. P O BOX 555 HILLSBORO, TX 76645	NONE	N/A	REPLACE PRINTER & PURCHASE SUPPLIES & UPDATED BROCHURES.	1,000.
Total	See continuation sheet(s)			95,024.
b Approved for future payment				
None				
Total				0.

Part XVII

Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

- | | | Yes | No |
|----------|--|--------------|----------|
| 1 | Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations? | | |
| a | Transfers from the reporting foundation to a noncharitable exempt organization of: | | |
| | (1) Cash | 1a(1) | X |
| | (2) Other assets | 1a(2) | X |
| b | Other transactions: | | |
| | (1) Sales of assets to a noncharitable exempt organization | 1b(1) | X |
| | (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | X |
| | (3) Rental of facilities, equipment, or other assets | 1b(3) | X |
| | (4) Reimbursement arrangements | 1b(4) | X |
| | (5) Loans or loan guarantees | 1b(5) | X |
| | (6) Performance of services or membership or fundraising solicitations | 1b(6) | X |
| c | Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | X |
| d | If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received. | | |

[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		

**Sign
Here**

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

Signature of officer or trustee

Date _____

Title _____

TREASURER

May the IRS discuss this return with the preparer shown below (see instr.)?

☒ Yes ☐ No

**Paid
Preparer
Use Only**

Print/Type preparer's name

K. Kraig Fields

Preparer's signature

K. Kraig Fields

Date _____

11/06/12

Check ☐ self-employed

PTIN

P00135448

Firm's name ► JAYNES, REITMEIER, BOYD & THERRELL PC

Firm's EIN ► 74-2533381

Firm's address ► 5400 BOSQUE BLVD STE 500
WACO, TX 76710-4459

Phone no. (254) 776-4190

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
HILL COUNTY PAWS PALS P O BOX 1533 HILLSBORO, TX 76645	NONE	N/A	PURCHASE COMMERCIAL GRADE WASHER AND DRYER.	9,200.
HILLSBORO ISD LIBRARY 121 E FRANKLIN ST HILLSBORO, TX 76645	NONE	N/A	TO UPGRADE & EXPAND CAPABILITIES FOR 5 LIBRARIES & TEXTBOOK MANAGEMENT.	16,500.
ADVOCACY CENTER 2323 COLUMBUS AVE WACO, TX 76701	NONE	N/A	PURCHASE DIGITAL RECORDING EQUIPMENT & CHILD FRIENDLY SEATING, PROVIDE TRAVEL REIMBURSEMENT &	10,000.
BELL SPRINGS CEMETERY ASSOCIATION 1515 HCR 3150 N BYNUM, TX 76631	NONE	N/A	REPAIR & REPAINT FENCE AND LEVEL LEANING & FALLEN HEADSTONES.	1,800.
BETHLEMEM CEMETERY ASSOCIATION P O BOX 234 WHITNEY, TX 76692	NONE	N/A	ERECT A FENCE AROUND THE DODSON CEMETARY IN HILL COUNTY TX.	2,079.
HUBBARD COMMUNITY AFFAIRS ASSOCIATION, INC. P BOX 55 DAWSON, TX 76639	NONE	N/A	INSTALL SECURITY SYSTEM AND FIRE DETECTION ALARMS FOR HISTORICAL HUBBARD HIGH SCHOOL.	4,680.
ISAIAH'S PLACE, INC. 231 HCR 1207 WHITNEY, TX 76692	NONE	N/A	COMPLETE ROAD SYSTEM TO EXPAND FACILITIES.	6,500.
LAKE WHITNEY ARTS ASSOCIATION P O BOX 1463 WHITNEY, TX 76692	NONE	N/A	TO CONVERT A FIELD INTO A USABLE PARKING LOT ALONGSIDE THE BUILDING.	8,000.
RUTH FIELDS CIVIC CLUB 100 MAPLE AVE HUBBARD, TX 76648	NONE	N/A	PURCHASE APPLIANCES & UPGRADE KITCHEN AND BATHROOM.	3,500.
TEXAS HERITAGE MUSEUM 112 LAMAR DR HILLSBORO, TX 76645	NONE	N/A	TO ACQUIRE CONSERVATION SUPPLIES TO TREAT & PRESERVE THE ARTIFACTS IN CASE OF A NATURAL DISASTER.	2,240.
Total from continuation sheets				64,499.

Part XV **Supplementary Information**

3a Grants and Contributions Paid During the Year Continuation of Purpose of Grant or Contribution

Name of Recipient - ADVOCACY CENTER

PURCHASE DIGITAL RECORDING EQUIPMENT & CHILD FRIENDLY SEATING, PROVIDE
TRAVEL REIMBURSEMENT & EDUCATIONAL & TRAINING EXPENSES.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	US TREASURY BILL 9/11	P	Various	07/20/11
b	US TREASURY INFLATION INDEX 1.625	P	Various	09/13/11
c	US TREASURY BILL 9/10	P	Various	09/22/11
d	US TREASURY BILL 3/12	P	Various	10/06/11
e	393 CITIGROUP	P	Various	10/27/11
f	560 CITIGROUP	P	Various	10/28/11
g	840 LEGG MASON	P	Various	11/10/11
h	930 CITIGROUP	P	Various	01/06/12
i	250 ITT EDL SVCS	P	Various	01/20/12
j	880 LEGG MASON	P	Various	01/20/12
k	US TREASURY INFLATION INDEX 3.625	P	Various	02/07/12
l	240 ITT EDL SVC	P	Various	02/08/12
m	US TREASURY BILL 3/11	P	Various	03/08/12
n	510 AMERICAN EXPRESS	P	Various	03/19/12
o	955 MCGRAW HILL	P	Various	04/02/12

(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 149,953.		149,949.	4.
b 49,149.		38,306.	10,843.
c 199,861.		199,861.	0.
d 59,994.		59,999.	<5.>
e 12,347.		19,286.	<6,939.>
f 17,310.		22,300.	<4,990.>
g 22,662.		25,250.	<2,588.>
h 26,478.		27,401.	<923.>
i 16,282.		18,149.	<1,867.>
j 23,172.		25,314.	<2,142.>
k 243,247.		181,742.	61,505.
l 16,796.		16,588.	208.
m 179,998.		179,998.	0.
n 28,566.		16,553.	12,013.
o 45,009.		22,026.	22,983.

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			4.
b			10,843.
c			0.
d			<5.>
e			<6,939.>
f			<4,990.>
g			<2,588.>
h			<923.>
i			<1,867.>
j			<2,142.>
k			61,505.
l			208.
m			0.
n			12,013.
o			22,983.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7
If (loss), enter "-0-" in Part I, line 7 }

2

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

3

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	540 UNITED HEALTH GROUP	P	Various	04/03/12
b	US TREASURY BILL 9/12	P	Various	04/25/12
c	US TREASURY BILL 12/11	P	Various	06/14/12
d	1515 COMCAST	P	Various	06/19/12
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 31,099.		11,482.	19,617.
b 29,975.		29,983.	<8.>
c 289,927.		289,927.	0.
d 45,365.		27,505.	17,860.
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			19,617.
b			<8.>
c			0.
d			17,860.
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter "-0-" in Part I, line 7 }	2	125,571.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8 }	3	N/A

2011 DEPRECIATION AND AMORTIZATION REPORT

Form 990-PF Page 1

990-PF

Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
1	COMPUTER AND ACCESSORIES	04/29/97	200DB	5.00	MQ	17	1,723.				1,723.	1,723.		0.	1,723.
2	TABLE	05/05/97	200DB	7.00	MQ	17	41.				41.	41.		0.	41.
3	4 DRAWER FILING CABINET	11/15/04	200DB	7.00	HY	17	189.			95.	94.	90.		4.	94.
	* Total 990-PF Pg 1 Depr						1,953.			95.	1,858.	1,854.		4.	1,858.

Form 990-PF	Dividends and Interest from Securities	Statement		1
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Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
REGIONS BANK DIVIDENDS	27,858.	0.	27,858.
REGIONS BANK INTEREST	19,127.	0.	19,127.
Total to Fm 990-PF, Part I, ln 4	46,985.	0.	46,985.

Form 990-PF	Accounting Fees	Statement		2
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Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
ACCOUNTING	1,450.	725.		0.
To Form 990-PF, Pg 1, ln 16b	1,450.	725.		0.

Form 990-PF	Other Professional Fees	Statement		3
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Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
INVESTMENT MANAGEMENT FEES	22,736.	22,736.		0.
To Form 990-PF, Pg 1, ln 16c	22,736.	22,736.		0.

Form 990-PF	Taxes	Statement		4
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Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
PAYROLL TAXES	191.	191.		0.
EXCISE TAX	2,967.	0.		0.
FOREIGN TAX	485.	485.		0.
To Form 990-PF, Pg 1, ln 18	3,643.	676.		0.

Form 990-PF	Other Expenses			Statement	5
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
MISCELLANEOUS	3,977.	0.		0.	
OFFICE SUPPLIES	71.	71.		0.	
To Form 990-PF, Pg 1, ln 23	4,048.	71.		0.	

Form 990-PF	U.S. and State/City Government Obligations			Statement	6
Description	U.S. Gov't	Other Gov't	Book Value	Fair Market Value	
159,878 UST INFL INDEX N/B 3.625%	X		0.	0.	
59,139 UST INFLATION NOTE 1.87	X		59,679.	64,314.	
285,524 UST INFL 1.625	X		254,374.	325,809.	
50,000 UNITED STATES TREASURY 9/11	X		49,968.	49,992.	
380,000 US TREASURY 12/11	X		379,748.	379,753.	
Total U.S. Government Obligations			743,769.	819,868.	
Total State and Municipal Government Obligations					
Total to Form 990-PF, Part II, line 10a			743,769.	819,868.	

Form 990-PF	Corporate Stock		Statement	7
Description	Book Value		Fair Market Value	
610 SH ALLSTATE CORP	11,544.		21,405.	
910 SH JOHNSON & JOHNSON	47,350.		61,480.	
1140 WALMART STORES	52,773.		79,481.	
510 AMERICAN EXPRESS	0.		0.	
2265 COMCAST	30,213.		71,121.	
3480 INTEL	55,358.		92,742.	
2290 MICROSOFT	51,300.		70,051.	
310 SYSCO	9,203.		9,241.	
680 MASCO CORP	18,542.		9,431.	
540 UNITEDHEALTH GROUP	0.		0.	
2460 LEGG MASON	57,994.		64,870.	
895 MCGRAW HILL	19,065.		40,275.	
390 PHILIP MORRIS INTL	16,234.		34,031.	

920 PROCTOR & GAMBLE	55,053.	56,350.
810 NESTLE	35,604.	48,394.
500 BECTON DICKINSON & CO	34,896.	37,375.
1735 APOLLO GROUP	75,566.	62,789.
1050 ITT EDL SVCS	57,654.	63,787.
750 ABBOTT LABS	36,998.	48,352.
1650 MEDTRONIC INC	58,952.	63,905.
460 MCCORMICK & CO	17,636.	27,899.
580 MERCK & CO	19,091.	24,215.
910 PEPSICO	58,481.	64,301.
2090 CITIGROUP	49,851.	57,287.
74 GOOGLE	39,535.	42,925.
270 CONOCOPHILLIPS	13,895.	15,088.
380 SA SPONSORED ADR ONE	17,929.	17,081.
470 OMNICOM GROUP	17,560.	22,842.
305 SCHLUMBERGER	21,040.	19,798.
135 PHILLIPS 66	4,129.	4,487.
1490 DELL INC	18,872.	18,640.
Total to Form 990-PF, Part II, line 10b	1,002,318.	1,249,643.

Form 990-PF	Other Investments	Statement	8
Description	Valuation Method	Book Value	Fair Market Value
INTEREST RECEIVABLE	COST	4,196.	4,196.
Total to Form 990-PF, Part II, line 13		4,196.	4,196.

Form 990-PF	Depreciation of Assets Not Held for Investment	Statement	9
Description	Cost or Other Basis	Accumulated Depreciation	Book Value
COMPUTER AND ACCESSORIES	1,723.	1,723.	0.
TABLE	41.	41.	0.
4 DRAWER FILING CABINET	189.	189.	0.
Total To Fm 990-PF, Part II, ln 14	1,953.	1,953.	0.

Form 990-PF	Other Liabilities	Statement	10
Description	BOY Amount	EOY Amount	
PAYROLL TAXES PAYABLE	777.	257.	
FIT PAYABLE	554.	167.	
ACCRUED FIT PAYABLE	0.	700.	
Total to Form 990-PF, Part II, line 22	1,331.	1,124.	

Form 990-PF	Part VIII - List of Officers, Directors Trustees and Foundation Managers	Statement	11
Name and Address	Title and Avg Hrs/Wk	Compensation	Employee Ben Plan Expense Contrib Account
BETTY RAY DOHONEY P.O. BOX 1074 HILLSBORO, TX 76645	PRESIDENT 2.00	0.	0. 0.
D'ETTE COWAN 915 E. FRANKLIN HILLSBORO, TX 76645	VICE-PRESIDENT 1.00	0.	0. 0.
ANDREW L. SMITH P. O. BOX 1245 HILLSBORO, TX 76645	TREASURER 4.00	0.	0. 0.
REV. BOB MOON 108 GARLAND HILLSBORO, TX 76645	SECRETARY 1.00	0.	0. 0.
JOHN B. TUGGLE 302 CARR STREET HILLSBORO, TX 76645	DIRECTOR 1.00	0.	0. 0.
Totals included on 990-PF, Page 6, Part VIII		0.	0. 0.

Form 990-PF

Grant Application Submission Information
Part XV, Lines 2a through 2d

Statement 12

Name and Address of Person to Whom Applications Should be Submitted

BETTY R. DOHONEY
P O BOX 1245
HILLSBORO, TX 76645

Telephone Number

254-582-2531

Form and Content of Applications

TYPED APPLICATION INCLUDING DESCRIPTION OF ORGANIZATION, PROGRAM OR PROJECT
FOR WHICH FUNDS ARE NEEDED, WHO WILL BENEFIT, AND IMPLEMENTATION STRATEGY.

Any Submission Deadlines

SEPTEMBER 1 EACH YEAR

Restrictions and Limitations on Awards

STATE OF TEXAS, IRC SECTION 501(C)(3) ORGANIZATIONS