BAN500 01/25/2013

Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2011

For calendar year 2011 or tax year beginning 07/01/11 **, and ending** 06/30/12

Name of foundation: BANNER FOUNDATION

A Employer identification number: 85-0446587

Number and street (or P O box number if mail is not delivered to street address): 8220 SAN PEDRO NE — Room/suite: 400

B Telephone number (see instructions): 505-255-1040

City or town, state, and ZIP code: ALBUQUERQUE NM 87113

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 change

D 1 Foreign organizations, check here ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ☐

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

E 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 (from Part II, col (c), line 16) ▶ $ 816,296

J Accounting method [X] Cash ☐ Accrual ☐ Other (specify) (Part I, column (d) must be on cash basis)

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

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 instructions))

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)				
	2	Check ▶ [X] if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	100	100		
	4	Dividends and interest from securities	16,457	16,457		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	13,579			
	b	Gross sales price for all assets on line 6a 336,680				
	7	Capital gain net income (from Part IV, line 2)		13,579		
	8	Net short-term capital gain			0	
	9	Income modifications				
	10a	Gross sales less returns & allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	30,136	30,136	0	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	0			
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule) STMT 1	4,089			
	c	Other professional fees (attach schedule) STMT 2	8,728	8,728		
	17	Interest				
	18	Taxes (attach schedule) (see instructions) STMT 3	646			
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (att sch) STMT 4	254	254		
	24	**Total operating and administrative expenses.** Add lines 13 through 23	13,717	8,982	0	0
	25	Contributions, gifts, grants paid	8,000			8,000
	26	**Total expenses and disbursements.** Add lines 24 and 25	21,717	8,982	0	8,000
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	8,419			
	b	**Net investment income** (if negative, enter -0-)		21,154		
	c	**Adjusted net income** (if negative, enter -0-)			0	

SCANNED MAR 0 4 2013

RECEIVED FEB 1 9 2013 OGDEN, UT

For Paperwork Reduction Act Notice, see instructions.

Form **990-PF** (2011)

DAA

9A 18

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 (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1	Cash—non-interest-bearing	5,456	4,303	4,303
	2	Savings and temporary cash investments	38,064	13,524	13,524
	3	Accounts receivable ▶			
		Less allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (att schedule) ▶			
		Less allowance for doubtful accounts ▶ 0			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U S and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule) SEE STMT 5	620,761	453,871	499,818
	c	Investments—corporate bonds (attach schedule) SEE STMT 6	89,521	220,372	225,706
	11	Investments—land, buildings, and equipment basis ▶			
		Less accumulated depreciation (attach sch) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule) SEE STATEMENT 7	2,407	72,558	72,945
	14	Land, buildings, and equipment basis ▶			
		Less accumulated depreciation (attach sch) ▶			
	15	Other assets (describe ▶)			
	16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	756,209	764,628	816,296
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	0	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.** ▶ ☐			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ ☒			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	756,209	764,628	
	30	**Total net assets or fund balances** (see instructions)	756,209	764,628	
	31	**Total liabilities and net assets/fund balances** (see instructions)	756,209	764,628	

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	756,209
2	Enter amount from Part I, line 27a	2	8,419
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	764,628
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	764,628

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	PUBLICLY TRADED SECURITIES	P	VARIOUS	VARIOUS
b	CAPITAL GAIN DISTRIBUTION			
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	331,804		323,101	8,703
b	4,876			4,876
c				
d				
e				

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				8,703
b				4,876
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	13,579
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2010	18,000	816,291	0.022051
2009	21,800	725,885	0.030032
2008	20,000	676,471	0.029565
2007	61,000	926,846	0.065815
2006	56,000	953,528	0.058729

2 **Total** of line 1, column (d)	2	0.206192
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	0.041238
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	784,233
5 Multiply line 4 by line 3	5	32,340
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	212
7 Add lines 5 and 6	7	32,552
8 Enter qualifying distributions from Part XII, line 4	8	8,000

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

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 ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1	423
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0
3	Add lines 1 and 2	3	423
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-	5	423
6	Credits/Payments.		
a	2011 estimated tax payments and 2010 overpayment credited to 2011 — 6a		
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	
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached	8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	423
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** ▶ Refunded ▶	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?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ______ **(2)** On foundation managers ▶ $ ______			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ______			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3	X	
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ NM			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

1/31 INT 3 FTP 6 TOT 432

Part VII-A Statements Regarding Activities (continued)

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation 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?	13	X	

Website address ▶ NONE

14 The books are in care of ▶ BRODERICK, PHILLIPPI, WRIGHT & CARD Telephone no ▶ 505-255-1040
8220 SAN PEDRO NE, SUITE 400
Located at ▶ ALBUQUERQUE NM ZIP+4 ▶ 87113

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

			Yes	No
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		X
	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 instructions)?	N/A	1b		
	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		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011?	☐ Yes ☒ No			
	If "Yes," list the years ▶ 20 , 20 , 20 , 20				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see 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 ▶ 20 , 20 , 20 , 20				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ 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		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 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)? (see instructions) ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)? N/A **5b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53 4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** No: X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If Yes, did the foundation receive any proceeds or have any net income attributable to the transaction? 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 (see instructions).

(a) Name and address		(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
CYRENE INMAN 8220 SAN PEDRO NE SUITE 400	ALBUQUERQUE NM 87113	PRESIDENT 1.00	0	0	0
MARY ZOUHAR 8220 SAN PEDRO NE SUITE 400	ALBUQUERQUE NM 87113	SECRETARY 4.00	0	0	0
RAYMOND ZOUHAR 8220 SAN PEDRO NE SUITE 400	ALBUQUERQUE NM 87113	DIRECTOR 1.00	0	0	0

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

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

Total number of other employees paid over $50,000 ▶ 0

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments See instructions 3	
Total. Add lines 1 through 3 ▶	

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	687,857
b	Average of monthly cash balances		1b	108,319
c	Fair market value of all other assets (see instructions)		1c	0
d	**Total** (add lines 1a, b, and c)		1d	796,176
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	796,176
4	Cash deemed held for charitable activities Enter 1½% of line 3 (for greater amount, see instructions)		4	11,943
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	784,233
6	**Minimum investment return.** Enter 5% of line 5		6	39,212

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	39,212
2a	Tax on investment income for 2011 from Part VI, line 5	2a 423		
b	Income tax for 2011. (This does not include the tax from Part VI)	2b		
c	Add lines 2a and 2b		2c	423
3	Distributable amount before adjustments Subtract line 2c from line 1		3	38,789
4	Recoveries of amounts treated as qualifying distributions		4	
5	Add lines 3 and 4		5	38,789
6	Deduction from distributable amount (see instructions)		6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1		7	38,789

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	8,000
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	8,000
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 instructions)	5	0
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	8,000

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 instructions)

		(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7					38,789
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	13,122				
c From 2008					
d From 2009					
e From 2010					
f **Total** of lines 3a through e		13,122			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ $ 8,000					
a Applied to 2010, but not more than line 2a					
b Applied to undistributed income of prior years (Election required—see instructions)					
c Treated as distributions out of corpus (Election required—see instructions)					
d Applied to 2011 distributable amount					8,000
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))		13,122			13,122
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 instructions					
e Undistributed income for 2010 Subtract line 4a from line 2a Taxable amount—see instructions					
f Undistributed income for 2011 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2012					17,667
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)					
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see 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 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 foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year (a) 2011	Prior 3 years (b) 2010	(c) 2009	(d) 2008	(e) Total
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 foundation had $5,000 or more in assets at any time during the year—see instructions.)

1 **Information Regarding Foundation Managers:**

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

N/A

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

N/A

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

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

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

N/A

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

N/A

c Any submission deadlines.

N/A

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

N/A

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
ST. MARTIN'S HOSPITALITY CENTER 1201 3RD STREE NW ALBUQUERQUE NM 87102			GENERAL PURPOSE	500
ACADEMY OF ARTS ON THE RIO GRANDE 2811 MONTE REY SE ALBUQUERQUE NM 87106			GENERAL PURPOSE	1,000
GREAT PLAINS RESTORATION COUNCIL PO BOX 131291 HOUSTON TX 77219			GENERAL PURPOSE	4,000
ST. MARTIN'S HOSPITALITY 1201 3RD ST NM ALBUQUERQUE NM 87102			GENERAL PURPOSE	2,500
Total			▶ **3a**	8,000
b Approved for future payment N/A				
Total			▶ **3b**	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See 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	100	
4 Dividends and interest from securities			14	16,457	
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	13,579	
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)		0		30,136	0

13 Total. Add line 12, columns (b), (d), and (e) 13 30,136

(See worksheet in line 13 instructions to verify calculations)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)
N/A	

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

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

d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule

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

Sign Here

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

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

Mary M Zocher   11 Feb 13   Treasurer

Signature of officer or trustee   Date   Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☒ if self-employed
THOMAS C. BRODERICK	Thomas C Broderick	1/28/13	
Firm's name ▶ BRODERICK, PHILLIPPI, WRIGHT & CARD		PTIN	P00292239
Firm's address ▶ 8220 SAN PEDRO NE SUITE 400 ALBUQUERQUE, NM 87113-2476		Firm's EIN ▶	45-2752726
		Phone no	505-255-1040

DAA

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
ACCOUNTING FEES	$ 4,089	$	$	$
TOTAL	$ 4,089	$ 0	$ 0	$ 0

Statement 2 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
OTHER PROFESSIONAL FEES	$ 8,728	$ 8,728	$	$
TOTAL	$ 8,728	$ 8,728	$ 0	$ 0

Statement 3 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
TAXES	$ 646	$	$	$
TOTAL	$ 646	$ 0	$ 0	$ 0

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
	$	$	$	$
EXPENSES				
BANK CHARGES	254	254		
TOTAL	$ 254	$ 254	$ 0	$ 0

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
3M CO	$ 1,654	$	COST	$
ABBOTT LABS	3,250	2,247	COST	3,159
ACCENTURE PLC CL A COM		2,349	COST	2,704
ACE LTD	2,249		COST	
AIR PRODS & CHEMS INC	3,322		COST	
ALLEGHENY TECHNOLOGIES INC	1,593		COST	
ALTRIA GROUP, INC	1,640	1,148	COST	2,419
AMERICAN ELECTRIC POWER INC	2,963	1,021	COST	1,317
AMERICAN EXPRESS	1,923	1,734	COST	2,619
AMGEN INC		1,533	COST	1,896
ANALOG DEVICES INC.	1,258		COST	
APACHE CORP	2,484		COST	
AT&T	7,904	5,033	COST	5,313
AUTOMATIC DATA PROCESSING, INC.	3,750	1,426	COST	2,226
BB& T CORP	1,664		COST	
BHP BILLITON LTD SPONSORED ADR		1,247	COST	1,175
BLACKROCK INC CL A		1,569	COST	1,698
BOEING CO		1,238	COST	1,412
BRISTOL MYERS SQUIBB CO		4,288	COST	5,105
CAMBIAR SMALL CAP FUND		10,000	COST	9,977
CARNIVAL CORP	1,205		COST	
CHEVRON CORP	5,505	4,764	COST	6,225
CHUBB CORP		2,087	COST	2,257
CITIGROUP INC	1,964		COST	
CME GROUP INC		1,520	COST	1,609
CMS ENERGY CORP		905	COST	987

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
COLGATE PALMOLIVE CO	$ 3,596	$	COST	$
COLUMBIA CONVERTIBLE SECURITIES	30,000		COST	
COLUMBIA MID CAP GROWTH FUND	50,000	50,000	COST	49,643
COLUMBIA SELECT LARGE CAP GROWTH	76,994	76,994	COST	81,194
COLUMBIA SMALL CAP GROWTH	16,000	12,665	COST	18,919
COLUMBIA VALUE AND RESTRUCTURING	45,246	21,746	COST	17,160
DELAWARE EMERGING MKTS FUND	30,000	30,000	COST	22,670
DIAGEO PLC	4,267	1,850	COST	3,298
DOMINION RES INC VA NEW		913	COST	972
DOVER CORP	1,314	1,943	COST	2,573
DU PONT E I DE NEMOURS & CO		2,524	COST	2,680
EMERSON ELEC CO		1,316	COST	1,258
ENSCO PLC	3,564		COST	
EXXON	4,433	4,964	COST	6,075
FREEPORT MCMORAN COPPER & GOLD CONV	1,219		COST	
GALLAGHER ARTHUR J & CO		1,490	COST	1,683
GENERAL MILLS	2,410		COST	
GENERAL MOTORS CO CONV PFD JR SER B	4,169		COST	
GENUINE PARTS CO	2,515		COST	
GLAXOSMITHKLINE PLC SPONSORED ADR		3,504	COST	3,645
GOODRICH CORP	2,456		COST	
HEINZ	2,145	2,185	COST	2,610
HOME DEPOT, INC.	2,990	2,034	COST	5,299
HONEWELL INTL INC		2,125	COST	2,569
ILLINOIS TOOL WORKS	5,110		COST	
INTEL	1,569	3,844	COST	5,037

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
INTERNATIONAL BUSINESS MACHINES	$ 3,688	$ 2,684	COST	$ 6,063
ISHARES DJ SELECT DIVIDEND INDEX	34,765	34,765	COST	42,985
ISHR MSCI SO AFRICA INDEX	10,729		COST	
J P MORGAN CHASE & CO		3,786	COST	3,216
JOHNSON & JOHNSON	3,681	2,806	COST	2,905
JP MORGAN	6,319	11,007	COST	11,628
KELLOGG	2,331		COST	
KIMBERLY CLARK CORP		2,417	COST	2,848
KINDER MORGAN INC DEL	2,396	1,750	COST	2,030
KRAFT FOODS INC	1,764		COST	
LAZARD FUNDS INC EMERGING MKTS PORT	25,000	25,000	COST	24,648
LIMITED BRANDS INC		1,187	COST	1,191
MACY'S INC		926	COST	790
MCDONALD'S	1,810	2,590	COST	3,453
MERCK & CO INC	4,807	3,490	COST	4,008
MEREDITH CORP		835	COST	958
METLIFE INC	3,803	1,199	COST	740
MFS SER TR I		15,000	COST	14,392
MICROSOFT	3,122	4,751	COST	5,292
NEXTERA ENERGY INC	2,009	1,100	COST	1,445
NORDSTROM INC.	1,078	462	COST	1,143
NORFOLK SOUTHERN CORP		1,246	COST	1,220
NUCOR CORP	1,176	1,568	COST	1,440
OCCIDENTAL PETE CORP DEL	3,088	1,367	COST	2,402
PACCAR INC	1,168		COST	
PACKAGING CORP. AMERICA	945		COST	

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
PARKER HANNIFIN CORP	$ 852	$ 627	COST	$ 1,153
PENN WEST PETE LTD NEW COM		836	COST	643
PEOPLES UTD FINL INC	2,001		COST	
PFIZER	2,838	3,092	COST	4,853
PG&E CORP	2,499		COST	
PHILLIP MORRIS INTL	2,109	2,658	COST	6,894
PNC FINL SVCS GROUP INC	3,120	2,639	COST	2,444
PPG INDS INC	1,420		COST	
PRICE T ROWE GROUP	757	614	COST	1,574
PROCTER & GAMBLE CO		2,472	COST	2,389
RAYTHEON		1,513	COST	1,981
ROYAL DUTCH SHELL PLC		4,562	COST	4,585
RPM INTL INC		1,247	COST	1,523
RYDEX S&P EQUAL WEIGHT ETF	24,977		COST	
SEMPRA ENERGY	2,633	1,904	COST	2,342
SHERWIN WILLIAMS CO		1,905	COST	2,912
TARGET CORP	1,936		COST	
TE CONNECTIVITY LTD	3,101		COST	
TEXAS INSTRS INC		1,453	COST	1,320
THORNBURG INTL VALUE FUND	25,000	13,023	COST	12,815
TIME WARNER INC		2,146	COST	2,426
TJX COS INC NEW		1,075	COST	1,545
UNITED PARCEL SVC INC	3,913		COST	
UNITED TECHNOLOGIES CORP	2,938	1,380	COST	2,568
US BANCORP DEL	6,729	2,729	COST	3,216
V F CORP	936		COST	

Federal Statements

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
VERIZON COMMUNICATIONS INC	$ 5,000	$ 4,787	COST	$ 6,044
WAL-MART STORES		1,510	COST	1,813
WASTE MGMT INC DEL		1,050	COST	1,136
WELLS FARGO ADVANTAGE ENDEAVOR	50,000		COST	
WELLS FARGO CO	2,164	1,989	COST	2,709
WESTAR ENERGY INC		1,317	COST	1,347
WILLIAM BLAIR FUND INTL SM CAP GROWT	25,000	12,312	COST	14,377
WILLIAMS COS INC	1,108		COST	
WISCONSIN ENERGY CORP		889	COST	1,029
XL GROUP PLC IRELAND	1,726		COST	
TOTAL	$ 620,761	$ 453,871		$ 499,818

Statement 6 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
ARTIO GLOBAL HIGH INCOME FUND CL I	$	$ 25,000	COST	$ 24,612
CMG ULTRA SHORT TERM BOND FUND		90,500	COST	90,500
EMC CORP CONV SR	2,494		COST	
ISHARES IBOXX$ HIGH YIELD CORP BD		17,845	COST	18,258
PIMCO TOTAL RETURN FUND INSTL	37,068	37,068	COST	39,816
PRINCIPAL PFD SECS FUND INSTL CL	20,000	20,000	COST	20,101
VANGUARD INTERMEDIATE TERM BOND ETF	29,959	29,959	COST	32,419
TOTAL	$ 89,521	$ 220,372		$ 225,706

Statement 7 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
BOSTON PROPERTIES INC. (REIT)	$ 2,407	$	COST	$
IVY ASSET STRATEGY FUND CL I		20,000	COST	19,631
NUVEEN REAL ESTATE SECS FUND CL Y		15,000	COST	15,669
PERMANENT PORTFOLIO		20,000	COST	19,244
REMS REAL ESTATE VALUE OPPTY FUND		15,000	COST	15,299
DIGITAL RLTY TR INC REITS		1,525	COST	1,802
PUBLIC STORAGE INC COM REIT		1,033	COST	1,300
TOTAL	$ 2,407	$ 72,558		$ 72,945

FIRST RESTATED BYLAWS
OF
THE BANNER FOUNDATION

ARTICLE I
Name and Purpose

Section 1.1. Name. This corporation shall be known as: The Banner Foundation ("Corporation").

Section 1.2. Purpose. The purposes for which the Corporation is formed are exclusively charitable, to wit:

(a) To receive and administer funds for religious, educational, medical, scientific and charitable purposes and to that end to take and hold by bequest, devise, gift, grant, purchase, lease, or otherwise, either absolutely or jointly with any other person, persons, or corporation, any property, real, personal, tangible, or intangible, or any undivided interest therein, without limitation as to amount or value; to sell, convey, or otherwise dispose of any such property and to invest, reinvest, or deal with the principal or the income thereof in such manner as, in the judgment of the directors, will best promote the purposes of the Corporation without limitation, except such limitations, if any, as may be contained in the instrument under which such property is received, the Articles of Incorporation, or these bylaws ("Bylaws"), or any applicable laws.

(b) Without limiting the generality of the foregoing, the primary purposes of the Corporation shall be for the exclusive benefit of making grants to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended ("Code").

(c) Alone or in cooperation with other persons or organizations to do any and all lawful acts and things which may be necessary, useful, suitable, or proper for the furtherance, accomplishment, or attainment of any or all of the purposes or powers of the Corporation.

Section 1.3. Restrictions. The Corporation is subject to the following restrictions:

(a) This Corporation shall not engage in any activities not permitted to be carried on by a Corporation exempt from federal income tax. The Corporation shall not participate in any political campaign in any manner. The Corporation shall not attempt to influence legislation.

(b) No part of the net earnings of the Corporation shall inure to the benefit of any director, officer or employee of the Corporation, or of any private individual (except that reasonable compensation may be paid for services rendered to or for the

Corporation affecting one or more of its purposes), and no director, officer or employee of the Corporation, or any private individual, shall be entitled to share in the distribution of any of the corporate assets on dissolution of the Corporation.

(c) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Code Section 4942 and the Regulations promulgated thereunder as they now exist or as they may hereafter be amended.

(d) The Corporation shall not engage in any act of self-dealing as defined in Code Section 4941(d) and the Regulations promulgated thereunder as they now exist or as they may hereafter be amended.

(e) The Corporation shall not retain any excess business holdings as defined in Code Section 4943(c) and the Regulations promulgated thereunder as they now exist or as they may hereafter be amended.

(f) The Corporation shall not make any investments which jeopardize the carrying out of any of its exempt purposes so as to subject it to tax under Code Section 4944 and the Regulations promulgated thereunder as they now exist or as they may hereafter be amended.

(g) The Corporation shall not make any taxable expenditures as defined in Code Section 4645(d) and the Regulations promulgated thereunder as they now exist or as they may hereafter be amended.

(h) Upon the dissolution of the Corporation and the winding up of its affairs, the assets of the Corporation shall be distributed exclusively to charitable, religious, scientific, literary, or educational organizations which would then qualify under the provisions of Code Section 501(c)(3) and the Regulations promulgated thereunder as they now exist or as they may hereafter be amended.

ARTICLE II
Directors

Section 2.1. **Number and Term of Directors**. The business, property and affairs of this Corporation shall be managed by a Board composed of at least three (3) persons. The initial Board was named in the Articles of Incorporation and thereafter successor directors shall be elected at regular annual director's meetings. Successor directors shall serve for a term of one (1) year, or until their successors are duly elected and qualified, or until their death, resignation or removal. A majority of directors present in person shall constitute a quorum for the transaction of business.

Section 2.2. **Removal of Directors**. Any director may be removed with or without cause upon a two-thirds majority vote of the other directors then in office.

Section 2.3. Vacancies. A vacancy on the Board shall be filled by the then serving directors. Each director so appointed to fill a vacancy on the Board shall remain a director until removed by the Board or until his or her successor director has been appointed by the Board.

ARTICLE III
Meetings of Directors

Section 3.1. Annual Meeting of Board. Subject to the discretion of the Board to hold the annual meeting on any date, an annual meeting of the Board shall be held each year on a business day between July 1 and September 15.

Section 3.2. Place of Meeting. Any or all meetings of the Board of Directors ("Board") of this Corporation may be held within or outside of the State of New Mexico. Meetings shall be held at the office of the Corporation in Albuquerque, New Mexico, unless provided otherwise pursuant to a resolution adopted by the Board or in the notice of the meeting pursuant to Section 3.

Section 3.3. Notice of Annual Meeting. Not more than ten (10) days and not more than fifty (50) days prior to the date of the meeting, written notice date, time and place of the meeting shall be mailed or sent via electronic mail to each director. Each director is under a continuing duty to advise the Corporation of his or her current mailing address or electronic mail address. In the event of cancellation of the meeting, notice of such cancellation shall be sent as soon as is reasonably practicable after such cancellation. Notice of a rescheduled meeting shall be sent according to the terms and requirement of this Section. A director may waive notice of any meeting of the Board in writing at any time, regardless of whether the meeting has already been held.

Section 3.4. Special Meetings of Board of Directors. Special Meetings of the Board ("Special Meetings"), in addition to the annual meeting, may be called by the President or by any two (2) or more directors. Notice of a Special Meeting shall contain the information as provided in Section 3. and shall additionally include a description of all business to be transacted at the meeting. The notice must be signed by the President or the directors who call the Special Meeting, who shall cause such notice to be sent to each director as provided in Section 3. Unless the directors unanimously agree at the Special Meeting to transact business not described in the notice, the directors shall limit the business transacted at the Special Meeting to that business described in the notice.

Section 3.5. Electronic Participation. Directors may appear at a meeting by telephone, by videoconferencing, or by other electronic means as the Board may approve, so long as all directors are able to participate in the meeting simultaneously and in real time.

Section 3.6. Action Without a Meeting. The directors may unanimously consent in writing to take any corporate action without a meeting of the Board.

ARTICLE IV
Powers, Duties and Responsibilities of the Board

Section 4.1. General Powers, Duties and Responsibilities. The Board has the following general powers, duties and responsibilities, in addition to the enumerated powers, duties and responsibilities set forth hereinafter in Sections 4.2. through 4.10., and powers granted by New Mexico statute.

(a) The management of the Corporation, including without limitation, management of corporate affairs and corporate assets, is vested exclusively in the Board. The Board shall have the exclusive care, custody and control of all of the assets of the Corporation. The Board shall exercise all of the corporate powers pursuant to and subject to the laws of the State of New Mexico, the Articles of Incorporation and the Bylaws.

(b) The Board may distribute corporate assets and income in furtherance of the purposes of the Corporation, to whom, in what amounts, at what times and under what conditions it deems appropriate, including distributions in cash, in kind, by establishing supporting grants or by maintaining research and studies, but any such distribution must be exclusively of the type permitted by the Articles of Incorporation.

(c) The Board may appoint a corporate trustee to receive, manage, hold, invest and disburse the income and assets of the Corporation, subject to the control of the Board; the Board may enter into an agreement containing the terms and conditions of such relationship, including without limitation the powers and duties of a corporate trustee.

(d) The Board may pay reasonable salaries or other compensation to officers and directors for services actually rendered by them to the Corporation.

(e) The Board may borrow money on behalf of the Corporation and may use corporate property to secure such loans.

(f) Notwithstanding any other provision herein to the contrary, the powers, duties and responsibilities of the Board are to be exercised by it in a fiduciary capacity and in furtherance of the purposes of the Corporation; such powers, duties and responsibilities are expressly restricted to prevent the Board from taking any action that would be in contravention of such purposes.

Section 4.2. Power to Appoint Officers. The Board shall appoint persons from the Board to serve the Corporation as officers as follows: President, Secretary and Treasurer. The Board may appoint one person to hold two or more such positions, except that the positions of President and Secretary may not be held by the same person.

Section 4.3. **Power to Appoint Other Officers and Agents.** The Board may appoint such other officers and agents as it deems necessary for the transaction of the business of the Corporation. The directors may appoint assistants to the officers.

Section 4.4. **Removal of Officers.** Any officer may be removed with or without cause upon a two-thirds majority vote of the Board or a quorum thereof.

Section 4.5. **Officer Vacancies.** The Board shall appoint a person to fill an officer vacancy as soon as is reasonably practicable.

Section 4.6. **Delegation of Powers.** The Board may delegate any or all of the powers and duties of an officer to another officer for any reason.

Section 4.7. **Honorary Directors.** The Board may appoint Honorary Directors to the Board ("Honorary Director"). Such Honorary Directors shall have no voting rights or other powers or duties of directors and shall not be entitled to compensation in their capacities as Honorary Directors.

Section 4.8. **Executive Director.** The Board may appoint an Executive Director to act as an advisor to the Board.

(a) The Executive Director shall work with the officers to implement the purposes of the Corporation. The Executive Director shall prepare the annual report to the New Mexico Public Regulation Commission and shall maintain them and make them available to the general public for inspection during regular business hours. The Executive Director shall have such additional powers, duties and responsibilities as may be determined by the Board.

(b) The Executive Director may not be a voting member of the Board.

(c) The Board may set a reasonable level of compensation for the services performed by the Executive Director on behalf of the Corporation.

(d) The Executive Director may be removed with or without cause upon a two-thirds majority vote of the Board or a quorum thereof.

Section 4.9. **Employees.** The Board may hire employees with such additional powers, duties and responsibilities as it shall determine to facilitate the business and purposes of the Corporation.

Section 4.10. **Distributions.** The Board, acting alone or upon the advice of others after conducting appropriate investigation and research, shall not less frequently than annually:

(a) Determine all distributions to be made from net income and principal of the Corporation pursuant to provisions of the Articles of Incorporation and these Bylaws in such amounts and at such times, with such accompanying restrictions, if any, as it deems necessary to assure their use for the charitable, religious, scientific, literary or educational purposes of the Corporation, and

(b) Determine all disbursements to be made for administrative expenses incurred by the Board.

(c) Directors shall disclose the fact that they are associated or related to organizations or persons to whom the Corporation makes distributions and disbursements. Such disclosures shall be made in advance of such distributions or disbursements and shall be entered in the minutes of any meeting of the Board, or if such disclosure is not made at a meeting, it shall be made in a writing addressed to the President and signed by such directors.

ARTICLE V
Officers

Section 5.1. President. The President shall be the chief executive officer of the Corporation and shall preside over all meetings of the Board. The President shall be an *ex-officio* member of all standing committees. The President shall have such additional powers, duties and responsibilities as may be determined by the Board.

Section 5.2. Secretary. The Secretary shall attend all meetings of the Board and shall preserve in the books of the Corporation true minutes of the proceedings of all such meetings. The Secretary shall safely keep in his or her custody the seal of the Corporation, if any, and shall have authority to affix the same to all instruments where its use is required. The Secretary shall cause all notices to be issued pursuant to the Bylaws, resolution of the Board or other law. The Secretary shall have such additional powers, duties and responsibilities as may be determined by the Board.

Section 5.3. Treasurer. The Treasurer is primarily responsible for the management of corporate finances.

(a) The Treasurer shall deposit corporate receipts in such corporate depositories as the Board may designate. The Treasurer shall make such distributions as the Board may resolve. The Treasurer shall keep accurate books detailing all corporate receipts, distributions and other financial transactions, such books to remain the property of the Corporation. The Treasurer shall render an accounting of all corporate financial transactions and of the overall financial condition of the Corporation at the annual meeting, and at such other times as the President or Board may request. The Treasurer shall have such additional powers, duties and responsibilities as may be determined by the Board.

(b) When a Treasurer ceases to so serve, for whatever reason, that Treasurer (or his or her representatives) must return all corporate property of whatever kind in the possession or control of the Treasurer (or his or her representatives) to the

Corporation within three (3) months of such cessation of service. The Board may require the Treasurer to post bond to secure the performance of the duties of the Treasurer.

ARTICLE VI
Execution of Instruments

Section 6.1. **Checks, Banking**. All checks, drafts and orders for payment of money shall be signed in the name of the Corporation by the President or any officer of the Corporation authorized by the Board so to act.

Section 6.2. **Contracts, Conveyances, etc**. When the execution of any contract, conveyance or other instrument has been authorized by the Board, the President or any officer of the Corporation authorized by the Board so to act may execute the same in the name and on behalf of this Corporation and may affix the corporate seal thereto. The affixing of the corporate seal is not a condition to the effectiveness of any contract, conveyance or other instrument executed by the Corporation. The Board shall have the power to designate the officers and agents who shall have the authority to execute any instrument on behalf of this Corporation.

ARTICLE VII
Accounting Year

Section 7.1. **Accounting Year**. The accounting year of the Corporation shall be based on the calendar year.

ARTICLE VIII
Indemnification of Officers, Managers and Directors

Section 8.1. **Indemnification**. The Corporation may indemnify any director, officer or employee or former director, officer or employee ("Corporate Representative") against reasonable expenses, costs and attorney's fees actually and reasonably incurred by him or her in connection with the defense of an action, suit or proceeding, civil or criminal, in which he or she is made a party by reason of being or having been a Corporate Representative. The indemnification may include any amounts paid to satisfy a judgment or to compromise or settle a claim. The Corporate Representative shall not be indemnified if he or she shall is liable, as determined by the Board, on the basis that he or she breached or failed to perform the duties of his or her office and the breach or failure to perform constitutes willful misconduct or recklessness.

Section 8.2. **Advance indemnification**. The Corporation may indemnify a Corporate Representative in advance for prospective reasonable expenses to be incurred in connection with the defense of the action, suit or proceeding provided that the Corporate Representative must reimburse the Corporation if it is subsequently determined by the Board that the Corporate Representative was not entitled to indemnification.

Section 8.3. **When Authorized**. The Board shall determine whether or not to indemnify any Corporate Representative on a case by case basis. Such determination shall be made only by directors who are not parties to such action, suit or proceeding.

ARTICLE IX
Distribution Upon Dissolution

Section 9.1. **Distribution Upon Dissolution**. Upon dissolution of the Corporation, the assets of the Corporation shall be applied and distributed as follows:

(a) All liabilities and obligations of the Corporation shall be paid and discharged, or adequate provision shall be made therefor;

(b) Assets held by the Corporation upon condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, shall be returned, transferred or conveyed in accordance with such requirements;

(c) Assets received and held by the Corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational or similar purposes, but not held upon a condition requiring return, transfer or conveyance by reason of the dissolution, shall be transferred or conveyed to one or more nonprofit domestic or foreign corporations, nonprofit societies or nonprofit organizations, pursuant to a plan of distribution adopted as provided in the Nonprofit Corporation Act (NMSA 1978 § 53-8-1, *et seq.*);

(d) Other assets, if any, shall be distributed for one or more exempt purposes within the meaning of Code Section 501(c)(3) or the corresponding provision of any future federal tax code and any regulations promulgated thereunder, or shall be distributed to the federal government, or to a state or local government for a public purpose, but in no event may any Corporate Representative directly or indirectly receive any distribution or portion of a distribution of any assets; and

(e) Any remaining assets shall be disposed of by the district court of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated for such permissible purposes.

ARTICLE X
Miscellaneous

Section 10.1. **Amendment of the Bylaws**. The Bylaws may be amended or repealed by an affirmative vote of two-thirds of the Board.

Section 10.2. **Gift to the Corporation**. Gifts shall vest in the Corporation upon receipt and acceptance thereof by an officer or director. Receipt and acceptance of a negotiable instrument shall be evidenced by endorsement thereon by an officer or director.

Section 10.3. **Notices**. Unless otherwise provided, all notices required to be given by any provision herein shall state the authority pursuant to which they were issued, *e.g.*, "by order of the President," or "by order of the Board," and shall bear the printed name and signature of the Secretary. Notice shall be deemed duly served upon:

(a) Delivery to a mailbox or representative of the United States Postal Service, to a mailbox or a representative of a private mail delivery service, with fully prepaid postage, addressed to the addressee at his or her last known address appearing in the records of this Corporation; or

(b) In the case of electronic mail, pursuant to the provisions of the Uniform Electronic Transactions Act (NMSA 1978 § 14-16-1, *et seq.*).

Section 10.4. **Singular and Plural; Gender**. Unless the context clearly requires otherwise, words denoting the singular may be construed as plural and words of the plural may be construed denoting the singular. Words of gender may be construed as denoting another gender (including nongender such as "it") as is appropriate within the context.

Section 10.5. **Heading of Articles, Sections and Subsections**. The headings of Articles, Sections and Subsections are included solely for the convenience and reference of the reader. They shall have no significance in the interpretation or construction of this document.

Section 10.6. **Severability**. The invalidity or unenforceability of any provision of this document shall not impact the validity or enforceability of any other provisions of this document. If a court of competent jurisdiction determines that any provision is invalid, the remaining provisions of this document shall be interpreted and construed as if the invalid provision had never been included in this document.

Section 10.7. **Governing Law**. These Bylaws will be governed by and construed according to the laws of the State of New Mexico.

[signatures on following page]

The foregoing Bylaws were adopted by the directors on the 3rd day of August, 2011.

Cyrene L. Inman

CYRENE L. INMAN, President

Raymond Zouhar

RAYMOND ZOUHAR, Secretary

Mary Zouhar