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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

2012

Open to Public Inspection

For calendar year 2012, or tax year beginning 01-01-2012 , and ending 12-31-2012

Name of foundation
PAYNE FOUNDATION
C/O TERRI LACY
% TERRI LACY

Number and street (or P O box number if mail is not delivered to street address)
600 TRAVIS STREET
SUITE 4200 Suite

Room/suite

City or town, state, and ZIP code
HOUSTON, TX 770022929

A Employer identification number
73-1646678

B Telephone number (see instructions)

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

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

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 1,921,760

J Accounting method ☑ Cash ☐ Accrual
☐ Other (specify) _
(Part I, column (d) must be on cash basis.)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see 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)	0			
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities.	58,128	58,128		
	5a	Gross rents				
	b	Net rental income or (loss) ________________				
	6a	Net gain or (loss) from sale of assets not on line 10	71,720			
	b	Gross sales price for all assets on line 6a 1,236,824				
	7	Capital gain net income (from Part IV, line 2) . . .		71,720		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	129,848	129,848		
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).	4,565	4,565	0	0
	c	Other professional fees (attach schedule)	2,981	2,981		
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	1,994	1,994		
	19	Depreciation (attach schedule) and depletion . . .				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)				
	24	**Total operating and administrative expenses.** Add lines 13 through 23	9,540	9,540	0	0
	25	Contributions, gifts, grants paid	78,550			78,550
	26	**Total expenses and disbursements.** Add lines 24 and 25	88,090	9,540	0	78,550
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	41,758			
	b	**Net investment income** (if negative, enter -0-)		120,308		
	c	**Adjusted net income** (if negative, enter -0-) . . .				

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		Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	**(b)** Book Value	**(c)** Fair Market Value
Assets	1	Cash—non-interest-bearing			
	2	Savings and temporary cash investments	116,344	71,946	71,946
	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 page 15 of the instructions)			
	7	Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U S and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)	1,639,082	1,725,238	1,849,814
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)			
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
	15	Other assets (describe ▶)			
	16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	1,755,426	1,797,184	1,921,760
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	
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	1,755,426	1,797,184	
	30	**Total net assets or fund balances** (see page 17 of the instructions)	1,755,426	1,797,184	
	31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	1,755,426	1,797,184	

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	1,755,426
2	Enter amount from Part I, line 27a	2	41,758
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	1,797,184
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	1,797,184

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)
1 a	SEE STATEMENT ATTACHED			
b	SEE STATEMENT ATTACHED			
c	CAPITAL GAIN DIVIDENDS	P		
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	127,083		124,104	2,979
b	1,106,647		1,041,000	65,647
c				3,094
d				
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			**(l)** Gains (Col (h) gain minus col (k), but not less than -0-) **or** Losses (from col (h))
	(i) F M V as of 12/31/69	**(j)** Adjusted basis as of 12/31/69	**(k)** Excess of col (i) over col (j), if any	
a				2,979
b				65,647
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**	71,720
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 page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	**(b)** Adjusted qualifying distributions	**(c)** Net value of noncharitable-use assets	**(d)** Distribution ratio (col (b) divided by col (c))
2011	116,900	1,862,817	0 062754
2010	67,595	1,857,598	0 036388
2009	82,376	1,583,750	0 052013
2008	114,823	1,945,441	0 059022
2007	107,211	2,278,325	0 047057

2	**Total** of line 1, column (d).	**2**	0 257234
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 051447
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	**4**	1,830,873
5	Multiply line 4 by line 3.	**5**	94,193
6	Enter 1% of net investment income (1% of Part I, line 27b).	**6**	1,203
7	Add lines 5 and 6.	**7**	95,396
8	Enter qualifying distributions from Part XII, line 4.	**8**	78,550

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 page 18 of the 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	2,406
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	
3	Add lines 1 and 2			3	2,406
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	2,406
6	Credits/Payments				
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	740		
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	740
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	1,666
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 2013 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		No
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		No
	*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		No
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		No
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		No
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	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		No
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		No
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	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ ________			
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	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		No

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		No
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13		

Website address ▶

14 The books are in care of ▶TERRI LACY Telephone no ▶(713) 220-4482

Located at ▶600 TRAVIS SUITE 4200 HOUSTON TX ZIP+4 ▶770022929

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 2012, 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		

See 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

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ **Yes** ☑ **No**			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ **Yes** ☑ **No**			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ **Yes** ☑ **No**			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☑ **Yes** ☐ **No**			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ **Yes** ☑ **No**			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). ☐ **Yes** ☑ **No**			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	1b		No
	Organizations relying on a current notice regarding disaster assistance check here. ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c		No
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ **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)	2b		No
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20____ , 20____ , 20____ , 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ **Yes** ☑ **No**			
b	If "Yes," did it have excess business holdings in 2012 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 2012.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b		No

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

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

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ **Yes** ☑ **No**

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ **Yes** ☑ **No**

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ **Yes** ☑ **No**

(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ **Yes** ☑ **No**

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

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

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? ☐ **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

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

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** No

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

1 List all officers, directors, trustees, foundation managers and their compensation (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
See Additional Data Table				

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

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

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

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

(a) Name and address of each person paid more than $50,000	**(b)** Type of service	**(c)** Compensation
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	
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 NONE	
2	
All other program-related investments See page 24 of the instructions 3	
Total. Add lines 1 through 3. . . . . ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see 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	1,684,583
b	Average of monthly cash balances			1b	174,171
c	Fair market value of all other assets (see instructions)			1c	0
d	**Total** (add lines 1a, b, and c)			1d	1,858,754
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e			
2	Acquisition indebtedness applicable to line 1 assets			2	0
3	Subtract line 2 from line 1d			3	1,858,754
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)			4	27,881
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4			5	1,830,873
6	**Minimum investment return.** Enter 5% of line 5			6	91,544

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	91,544
2a	Tax on investment income for 2012 from Part VI, line 5	2a	2,406		
b	Income tax for 2012 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	2,406
3	Distributable amount before adjustments Subtract line 2c from line 1			3	89,138
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	89,138
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	89,138

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	78,550
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	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	0
b	Cash distribution test (attach the required schedule)	3b	0
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	78,550
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	78,550

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7					89,138
2 Undistributed income, if any, as of the end of 2012					
a Enter amount for 2011 only.				0	
b Total for prior years 2010 , 2009 , 2008					
3 Excess distributions carryover, if any, to 2012					
a From 2007.					
b From 2008.	196				
c From 2009.	3,545				
d From 2010.					
e From 2011.	24,859				
f **Total** of lines 3a through e.		28,600			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ $ 78,550					
a Applied to 2011, but not more than line 2a				0	
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 2012 distributable amount.					78,550
e Remaining amount distributed out of corpus		0			
5 Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*		10,588			10,588
6 **Enter the net total of each column as indicated below:**					
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		18,012			
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 2011 Subtract line 4a from line 2a Taxable amount—see instructions				0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013					0
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 2007 not applied on line 5 or line 7 (see instructions) . . .					
9 **Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a		18,012			
10 Analysis of line 9					
a Excess from 2008. . . .					
b Excess from 2009. . . .					
c Excess from 2010. . . .					
d Excess from 2011. . . .	18,012				
e Excess from 2012. . . .					

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 2012, enter the date of the ruling. . . . . . . ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			**(e) Total**
	(a) 2012	**(b)** 2011	**(c)** 2010	**(d)** 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon **a** "Assets" alternative test—enter **(1)** Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed. . . .					
c "Support" alternative test—enter **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii). . . .					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see 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))

CAROLYN PAYNE LEON M PAYNE JR M

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

NONE

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

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

c Any submission deadlines

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

Part XV **Supplementary Information** (continued)

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

Recipient 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*				
SEE STATEMENT VARIOUS HOUSTON,TX 77002		PUBLIC	GENERAL PURPOSE	78,550
Total . . . . ▶ **3a**				78,550
b *Approved for future payment*				
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)
1 Program service revenue	**(a)** Business code	**(b)** Amount	**(c)** Exclusion code	**(d)** Amount	
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					
4 Dividends and interest from securities. . . .			14	58,128	
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	71,720	
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). .				129,848	

13 Total. Add line 12, columns (b), (d), and (e). **13** 129,848

(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)

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)**		**No**
	(2) Other assets.	**1a(2)**		**No**
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization.	**1b(1)**		**No**
	(2) Purchases of assets from a noncharitable exempt organization.	**1b(2)**		**No**
	(3) Rental of facilities, equipment, or other assets.	**1b(3)**		**No**
	(4) Reimbursement arrangements.	**1b(4)**		**No**
	(5) Loans or loan guarantees.	**1b(5)**		**No**
	(6) Performance of services or membership or fundraising solicitations.	**1b(6)**		**No**
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	**1c**		**No**

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

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

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 or fiduciary) is based on all information of which preparer has any knowledge

****** 2013-05-15 ******

Signature of officer or trustee Date Title

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ▶ ☐	PTIN
CHARLES H CLINES	CHARLES H CLINES			

Firm's name ▶ MARGOLIS PHIPPS & WRIGHT PC

Firm's EIN ▶

Firm's address ▶ 1400 POST OAK BLVD STE 900
HOUSTON, TX 770563009

Phone no (713) 625-3500

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation

(a) Name and address	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation **(If not paid, enter -0-)**	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
CAROLYN W PAYNE 600 TRAVIS STREET HOUSTON,TX 770022929	OFFICER 0	0	0	0
LEON PAYNE JR 600 TRAVIS STREET HOUSTON,TX 770022929	OFFICER 0	0	0	0
MIRIAM PAYNE PRIOLEAU 600 TRAVIS STREET HOUSTON,TX 770022929	OFFICER 0	0	0	0
JULIE PAYNE 600 TRAVIS STREET HOUSTON,TX 770022929	DIRECTOR 0	0	0	0
CHARLIE PRIOLEAU 600 TRAVIS STREET HOUSTON,TX 770022929	DIRECTOR 0	0	0	0

TY 2012 Accounting Fees Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	4,565	4,565		

TY 2012 All Other Program Related Investments Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

Category	Amount
NONE	

TY 2012 Depreciation Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

TY 2012 Investments Corporate Stock Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

Name of Stock	End of Year Book Value	End of Year Fair Market Value
GOLDMAN SACHS CORE FIXED INC	314,057	329,297
GOLDMAN SACHS HIGH YIELD	219,721	226,681
GOLDMAN SACHS LARGE CAP VALUE	0	0
EXXON MOBIL CORP	29,770	59,720
ISHARES RUSSEL 2000 FUND	61,027	71,249
GOLDMAN SACHS GROUP- S&P 500	0	0
ISHARES TR-ISHARES MSCI EAFE	0	0
GOLDMAN SACHS GROUP- MSCI EAFE	0	0
GOLDMAN SACHS ALL CAP GROWTH	0	0
GS EMERGING MKTS DEBT FUND	103,500	105,207
SPDR S&P 500 ETF TRUST	220,676	239,961
GS - COMMON STOCK (THORNBURG)	100,821	120,587
MORNINGSTAR ISHARES	221,038	234,746
ETRACS ALERIAN MLP	115,760	115,915
ISHARES DOW JONES INTL	131,684	135,353
SPDR EURO STOXX	37,309	38,473
WISDOMTREE EMERGING MKTS	37,795	39,461
THORNBURG FUNDS ISHARES	132,080	133,164

TY 2012 Land, Etc. Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

TY 2012 Other Professional Fees Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
GS MANAGEMENT FEES	1,554	1,554		
ADMINISTRATIVE EXPENSES	1,027	1,027		
LEGAL FEES	400	400		

TY 2012 Taxes Schedule

Name: PAYNE FOUNDATION
C/O TERRI LACY
EIN: 73-1646678

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAX WITHHELD	694	694		
FEDERAL TAX PAID	1,300	1,300		

Payne Foundation 73-1646678
From 01-Jan-2012 To 31-Dec-2012

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

Description	ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR	FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT	AMOUNT
THE CHINQUAPIN PREPARATORY SCHOOL 2011-2012 ANNUAL FU	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	10,000
EPISCOPAL HIGH SCHOOL CAPTIAL CAMPAIGN	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	15,000
EPISCOPAL HIGH SCHOOL 2011-2012 ANNUAL FUND	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	5,000
ST JOHNS SCHOOL 2011-2012 ANNUAL FUND	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	5,000
CHRIST CHURCH CATHEDRAL CAPITAL CAMPAIGN	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	6,000
BROWN UNIVERSITY LEON M PAYNE SCHOLARSHIP	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	5,000
BEAR	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
PATHWAYS FOR LITTLE FEET	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	2,500
ST JOHN THE DIVINE CHURCH	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	5,000
GLENWOOD CEMETERY FOUNDATION	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
PLANNED PARENTHOOD GULF COAST	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	2,500
HOUSTON HUMANE SOCIETY	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	200
FORUM OF CIVICS FOUNDATION	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
FIRST PRESBYTERIAN CHURCH	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	5,000
INTERFACE-SAMARITAN COUNSELING CENTERS	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
MUSEUM OF FINE ARTS, HOUSTON	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	2,500
SCENIC HOUSTON	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
SOUTHERN METHODIST UNIVERSITY	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	100
AMAZING PLACE	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	2,000
KID'S MEALS INC	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
DUCKS UNLIMITED	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
STANFORD UNIVERSITY FUND	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
THE STANDARD FUND	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	2,000
THE JUNIOR LEAGUE OF HOUSTON INC	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	500
THE METHODIST HOSPITAL FOUNDATION	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
SCENIC HOUSTIN	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
DUCKS UNLIMITED	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
JAMES A BAKER III INSTITUTE FOR PUB LIC P	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
HARC	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
KIDS MEALS INC	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	1,000
HOUSTON HUMANE SOCIETY	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	500
HOUSTON FOOD BANK	HOUSTON, TX	N/A	PUBLIC	GENERAL PURPOSE	250
					78,550

Realized Gains/Losses

Description	Trade Date	Date Sold / Covered	Qty	Proceeds (Base)	Cost (Base)	Gain/Loss (Base)	Gain Type
ISHARES TRUST-HIGH DIVID EQ FD CMN	7-Feb-12	7-Dec-12	325	19,470 32	17,981 80	1,488 52	Short-Term
TECK RESOURCES LIMITED CMN CLASS B	21-Jul-11	22-Mar-12	5	174 79	267 67	(92 88)	Short-Term
TECK RESOURCES LIMITED CMN CLASS B	25-Jul-11	23-Mar-12	12	422 20	640 46	(218 26)	Short-Term
TECK RESOURCES LIMITED CMN CLASS B	21-Jul-11	23-Mar-12	6	211 10	321 20	(110 10)	Short-Term
LI & FUNG LIMITED UNSPONSORED ADR CMN	31-Aug-11	27-Mar-12	61	302 16	215 01	87 15	Short-Term
TECK RESOURCES LIMITED CMN CLASS B	1-Dec-11	23-Mar-12	3	105 55	111 22	(5 67)	Short-Term
TECK RESOURCES LIMITED CMN CLASS B	19-Sep-11	23-Mar-12	5	175 92	189 21	(13 29)	Short-Term
ING GROEP N V SPONS ADR SPONSORED ADR CMN	12-Aug-11	27-Apr-12	17	118 92	146 28	(27 36)	Short-Term
LI & FUNG LIMITED UNSPONSORED ADR CMN	1-Sep-11	27-Mar-12	36	178 32	134 91	43 41	Short-Term
NOKIA CORP SPON ADR SPONSORED ADR CMN	17-Jan-12	11-Apr-12	89	383 64	498 34	(114 70)	Short-Term
ING GROEP N V SPONS ADR SPONSORED ADR CMN	12-Aug-11	26-Apr-12	40	283 11	344 18	(61 07)	Short-Term
ING GROEP N V SPONS ADR SPONSORED ADR CMN	16-Aug-11	27-Apr-12	32	223 84	284 21	(60 37)	Short-Term
ING GROEP N V SPONS ADR SPONSORED ADR CMN	19-Aug-11	27-Apr-12	39	272 81	311 95	(39 14)	Short-Term
ING GROEP N V SPONS ADR SPONSORED ADR CMN	16-Sep-11	27-Apr-12	75	524 63	554 96	(30 33)	Short-Term
HSBC HOLDINGS PLC SPONSORED ADR CMN	28-Feb-12	20-Jul-12	5	208 38	223 41	(15 03)	Short-Term
HSBC HOLDINGS PLC SPONSORED ADR CMN	29-Feb-12	20-Jul-12	1	41 67	44 62	(2 95)	Short-Term
HSBC HOLDINGS PLC SPONSORED ADR CMN	29-Feb-12	24-Jul-12	4	158 08	178 49	(20 41)	Short-Term
CANADIAN NATURAL RESOURCES CMN	11-Apr-12	27-Jul-12	6	165 85	189 77	(23 92)	Short-Term
TAIWAN SEMICONDUCTOR MFG ADS LTD ADS 1ADS EQUALS 5ORDS	26-Jul-12	19-Oct-12	16	244 04	213 09	30 95	Short-Term
TAIWAN SEMICONDUCTOR MFG ADS LTD ADS 1ADS EQUALS 5ORDS	26-Jul-12	22-Oct-12	18	275 49	239 73	35 76	Short-Term
ESCROW/ASML HOLDING N V CMN	12-Oct-12	3-Dec-12	9	106 83	-	106 83	Short-Term
ESCROW/ASML HOLDING N V CMN	19-Oct-12	3-Dec-12	6	71 22	-	71 22	Short-Term
MICHELIN COMPAGNIE GENERALE DE UNSPONSORED ADR CMN	12-Mar-12	7-Dec-12	7	127 44	97 70	29 74	Short-Term
MICHELIN COMPAGNIE GENERALE DE UNSPONSORED ADR CMN	12-Mar-12	7-Dec-12	6	109 75	83 74	26 01	Short-Term
SPDR BARCLAYS HIGH YIELD BOND EXCHANGE TRADED FUND	7-Feb-12	30-Nov-12	2,540	102,720 12	100,832 41	1,887 71	Short-Term
SOUTHERN COPPER CORPORATION CMN		28-Feb-12	0	4 86		4 86	Short-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN		14-Aug-12	0	2 25		2 25	Short-Term
TOTAL SHORT TERM GAINS/(LOSSES)				**127,083 29**	**124,104 36**	**2,978 93**	
GS LARGE CAP VALUE FUND CLASS A SHARES	25-Jul-08	7-Feb-12	2,061 01	24,051 94	25,000 00	(948 06)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	31-Aug-06	7-Feb-12	1,098 55	12,820 10	15,160 02	(2,339 92)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	1-Aug-08	7-Feb-12	2,061 01	24,051 94	25,000 00	(948 06)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	19-Sep-08	7-Feb-12	2,233 57	26,065 77	26,892 20	(826 43)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	29-Aug-08	7-Feb-12	2,173 99	25,370 40	26,892 20	(1,521 80)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	22-Aug-08	7-Feb-12	2,172 23	25,349 91	26,892 20	(1,542 29)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	5-Sep-08	7-Feb-12	2,229 87	26,022 55	26,892 20	(869 65)	Long-Term
GS LARGE CAP VALUE FUND CLASS A SHARES	12-Sep-08	7-Feb-12	2,248 51	26,240 14	26,892 20	(652 06)	Long-Term
SPDR S&P 500 ETF TRUST	25-Mar-10	17-Feb-12	920	125,163 74	108,157 50	17,006 24	Long-Term
THE GOLDMAN SACHS GROUP, INC LINKED TO S&P 500 0% COUPON DUE 09/	16-Mar-11	30-Aug-12	190	215,650 00	190,000 00	25,650 00	Long-Term
GS ALL CAP GROWTH FUND CLASS A SHARES	29-Aug-08	7-Feb-12	4,027 77	43,862 44	42,895 78	966 66	Long-Term
GS ALL CAP GROWTH FUND CLASS A SHARES	12-Sep-08	7-Feb-12	4,536 35	49,400 86	45,998 60	3,402 26	Long-Term
GS ALL CAP GROWTH FUND CLASS A SHARES	19-Sep-08	7-Feb-12	4,522 97	49,255 14	45,998 60	3,256 54	Long-Term
GS ALL CAP GROWTH FUND CLASS A SHARES	5-Sep-08	7-Feb-12	4,545 32	49,498 49	45,998 60	3,499 89	Long-Term
THE GOLDMAN SACHS GROUP, INC LINKED TO MSCI EAFE 0% COUPON DUE	16-Mar-11	24-Sep-12	134	134,000 00	134,000 00	-	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	20-Nov-08	7-Feb-12	400	21,391 59	14,643 00	6,748 59	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	24-Nov-08	7-Feb-12	315	16,845 88	12,996 46	3,849 42	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	25-Nov-08	7-Feb-12	80	4,278 32	3,240 80	1,037 52	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	19-Feb-10	7-Feb-12	140	7,487 06	7,417 20	69 86	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	26-Nov-08	7-Feb-12	405	21,658 98	16,937 10	4,721 88	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	12-Mar-10	7-Feb-12	135	7,219 66	7,512 75	(293 09)	Long-Term
ISHARES MSCI EAFE INDEX FUND ETF	1-Mar-10	7-Feb-12	145	7,754 45	7,667 60	86 85	Long-Term
NOVARTIS AG-ADR SPONSORED ADR CMN	4-Jun-08	10-Jan-12	7	398 24	367 15	31 09	Long-Term
CNOOC LIMITED SPONSORED ADR CMN	5-Oct-09	12-Jan-12	1	193 99	134 70	59 29	Long-Term
CARNIVAL CORPORATION CMN	4-Jun-08	17-Jan-12	10	295 43	385 00	(89 57)	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	8-Nov-10	24-Jan-12	7	93 33	96 41	(3 08)	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	9-Nov-10	25-Jan-12	11	146 05	151 39	(5 34)	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	8-Nov-10	25-Jan-12	6	79 67	82 64	(2 97)	Long-Term
TELEFONICA S A ADR SPONSORED ADR CMN	16-Jun-08	25-Jan-12	13	219 91	356 08	(136 17)	Long-Term
TELEFONICA S A ADR SPONSORED ADR CMN	1-Aug-08	25-Jan-12	18	304 49	466 43	(161 94)	Long-Term
TELEFONICA S A ADR SPONSORED ADR CMN	21-May-10	25-Jan-12	18	304 49	351 88	(47 39)	Long-Term
NOVARTIS AG-ADR SPONSORED ADR CMN	4-Jun-08	1-Feb-12	4	221 91	209 80	12 11	Long-Term
TELEFONICA S A ADR SPONSORED ADR CMN	23-Jun-09	25-Jan-12	12	202 99	261 87	(58 88)	Long-Term
TELEFONICA S A ADR SPONSORED ADR CMN	22-Feb-10	25-Jan-12	12	202 99	282 44	(79 45)	Long-Term
NESTLE SA SPONSORED ADR (REP 1/20 CHF 10 REGD SHS)	4-Jun-08	2-Feb-12	3	173 15	148 26	24 89	Long-Term
TURKIYE GARANTI BANKASI AS GDS CMN	4-Feb-10	3-Feb-12	68	263 41	294 75	(31 34)	Long-Term
TOYOTA MOTOR CORPORATION SPON ADR	4-Jun-08	16-Feb-12	3	250 47	313 29	(62 82)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	18-Feb-11	28-Feb-12	5	137 43	235 93	(98 50)	Long-Term
TURKIYE GARANTI BANKASI AS GDS CMN	4-Feb-10	10-Feb-12	71	260 58	307 75	(47 17)	Long-Term
MITSUBISHI UFJ FINL GROUP, INC SPONSORED ADR CMN	13-May-09	1-Mar-12	1	5 10	6 58	(1 48)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	18-Feb-11	29-Feb-12	16	431 72	754 98	(323 26)	Long-Term
MITSUBISHI UFJ FINL GROUP, INC SPONSORED ADR CMN	8-May-09	1-Mar-12	53	270 21	339 24	(69 03)	Long-Term
KOMATSU LTD ADR (NEW) SPONSORED GDS CMN	4-Jun-08	1-Mar-12	10	292 99	325 00	(32 01)	Long-Term
SAP AG (SPON ADR)	4-Jun-08	5-Mar-12	4	271 76	216 12	55 64	Long-Term
HENNES & MAURITZ AB ADR CMN	10-Jun-08	7-Mar-12	50	338 58	276 85	61 73	Long-Term
VOLKSWAGEN AG, WOLFSBURG SPONSORED ADR PFD USD0 6813	2-Aug-10	12-Mar-12	15	551 17	325 97	225 20	Long-Term
VOLKSWAGEN AG, WOLFSBURG SPONSORED ADR PFD USD0 6813	2-Aug-10	13-Mar-12	8	289 66	173 85	115 81	Long-Term
VOLKSWAGEN AG, WOLFSBURG SPONSORED ADR PFD USD0 6813	4-Oct-10	13-Mar-12	12	434 48	278 58	155 90	Long-Term
VOLKSWAGEN AG, WOLFSBURG SPONSORED ADR PFD USD0 6813	25-Aug-10	13-Mar-12	10	362 07	196 90	165 17	Long-Term
WAL-MART DE MEXICO SAB DE CV SPONSORED ADR REPSTG SER V SHS	18-Nov-08	20-Mar-12	9	297 04	112 54	184 50	Long-Term
TENCENT HOLDINGS LIMITED UNSPONSORED ADR CMN	23-Apr-10	20-Mar-12	9	250 87	186 68	64 19	Long-Term
BG GROUP PLC SPON ADR ADR CMN	2-Jul-09	28-Mar-12	10	230 29	171 13	59 16	Long-Term
SAP AG (SPON ADR)	7-Oct-08	13-Apr-12	2	131 10	74 85	56 25	Long-Term
SAP AG (SPON ADR)	4-Jun-08	13-Apr-12	2	131 10	108 06	23 04	Long-Term
TEVA PHARMACEUTICAL IND LTD ADS	4-Jun-08	24-May-12	7	271 02	311 08	(40 06)	Long-Term
CANADIAN NATIONAL RAILWAY CO CMN	4-Jun-08	6-Jun-12	2	161 71	106 08	55 63	Long-Term

Statement Group Payne Foundation C08219880
From 01-Jan-2012 To 31-Dec-2012

Realized Gains/Losses

Description	Trade Date	Date Sold / Covered	Qty	Proceeds (Base)	Cost (Base)	Gain/Loss (Base)	Gain Type
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	21-Oct-09	29-Jun-12	17	248 04	334 03	(85 99)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	21-Oct-09	29-Jun-12	7	102 46	137 54	(35 08)	Long-Term
SAP AG (SPON ADR)	7-Oct-08	12-Jul-12	4	231 97	149 70	82 27	Long-Term
NOVO-NORDISK A/S ADR ADR CMN	4-Jun-08	13-Jul-12	2	290 54	130 52	160 02	Long-Term
NOVO-NORDISK A/S ADR ADR CMN	4-Jun-08	13-Jul-12	2	290 20	130 52	159 68	Long-Term
CANADIAN NATURAL RESOURCES CMN	20-Aug-09	24-Jul-12	5	134 84	146 14	(11 30)	Long-Term
CANON INC ADR SPONSORED ADR CMN	30-Jun-10	25-Jul-12	11	373 16	411 11	(37 95)	Long-Term
CANADIAN NATURAL RESOURCES CMN	1-Sep-09	26-Jul-12	1	27 32	27 90	(0 58)	Long-Term
CANADIAN NATURAL RESOURCES CMN	20-Aug-09	26-Jul-12	15	409 84	438 42	(28 58)	Long-Term
CANADIAN NATURAL RESOURCES CMN	1-Sep-09	27-Jul-12	7	193 50	195 33	(1 83)	Long-Term
CANON INC ADR SPONSORED ADR CMN	30-Jun-10	27-Jul-12	14	447 01	523 23	(76 22)	Long-Term
CANADIAN NATURAL RESOURCES CMN	26-Mar-10	27-Jul-12	8	221 13	279 68	(58 55)	Long-Term
CANON INC ADR SPONSORED ADR CMN	9-Jul-10	27-Jul-12	6	191 57	236 69	(45 12)	Long-Term
CANON INC ADR SPONSORED ADR CMN	2-Jul-10	27-Jul-12	6	191 57	223 90	(32 33)	Long-Term
CANON INC ADR SPONSORED ADR CMN	31-Aug-10	27-Jul-12	6	191 57	245 50	(53 93)	Long-Term
CANON INC ADR SPONSORED ADR CMN	3-Feb-11	27-Jul-12	7	223 50	341 50	(118 00)	Long-Term
CANON INC ADR SPONSORED ADR CMN	16-Mar-11	27-Jul-12	5	159 64	224 53	(64 89)	Long-Term
SIEMENS AKTIENGESELLSCHAFT SPONSORED ADR CMN	10-Jan-11	31-Aug-12	1	94 40	114 99	(20 59)	Long-Term
LVMH MOET HENNESSY LOUIS VUITTON S A ADR CMN	18-Nov-08	4-Sep-12	3	97 41	30 68	66 73	Long-Term
LVMH MOET HENNESSY LOUIS VUITTON S A ADR CMN	12-Nov-08	4-Sep-12	4	129 88	44 96	84 92	Long-Term
SIEMENS AKTIENGESELLSCHAFT SPONSORED ADR CMN	10-Jan-11	4-Sep-12	1	93 98	114 99	(21 01)	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	9-Nov-10	7-Sep-12	17	262 04	233 97	28 07	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	22-Nov-10	7-Sep-12	2	30 83	27 05	3 78	Long-Term
CANADIAN NATIONAL RAILWAY CO CMN	4-Jun-08	7-Sep-12	4	367 24	212 16	155 08	Long-Term
SIEMENS AKTIENGESELLSCHAFT SPONSORED ADR CMN	11-Jan-11	19-Sep-12	2	205 98	236 70	(30 72)	Long-Term
RECKITT BENCKISER GROUP PLC SLOUGH UNSPONSORED ADR (UK)	13-Oct-08	19-Sep-12	24	282 72	208 74	73 98	Long-Term
SAP AG (SPON ADR)	7-Oct-08	19-Sep-12	1	72 64	37 43	35 21	Long-Term
SAP AG (SPON ADR)	10-Oct-08	19-Sep-12	2	145 27	66 99	78 28	Long-Term
SIEMENS AKTIENGESELLSCHAFT SPONSORED ADR CMN	10-Jan-11	19-Sep-12	1	102 99	114 99	(12 00)	Long-Term
SIEMENS AKTIENGESELLSCHAFT SPONSORED ADR CMN	11-Jan-11	11-Oct-12	3	297 98	355 06	(57 08)	Long-Term
NOVO-NORDISK A/S ADR ADR CMN	4-Jun-08	19-Sep-12	1	155 89	65 26	90 63	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	21-Oct-09	8-Oct-12	20	304 26	392 97	(88 71)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	22-Feb-10	9-Oct-12	9	135 41	177 66	(42 25)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	21-Oct-09	9-Oct-12	12	180 55	235 79	(55 24)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	1-Dec-10	10-Oct-12	1	15 08	19 51	(4 43)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	22-Nov-10	10-Oct-12	18	271 58	370 32	(98 74)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	21-Apr-10	10-Oct-12	19	286 67	386 92	(100 25)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	1-Dec-10	11-Oct-12	12	180 32	234 16	(53 84)	Long-Term
TESCO PLC (SPONSORED) ADR SPONSORED ADR CMN	21-Jan-11	11-Oct-12	16	240 42	309 45	(69 03)	Long-Term
RECKITT BENCKISER GROUP PLC SLOUGH UNSPONSORED ADR (UK)	13-Oct-08	24-Oct-12	24	292 58	208 74	83 84	Long-Term
SAP AG (SPON ADR)	10-Oct-08	24-Oct-12	2	142 81	66 99	75 82	Long-Term
SAP AG (SPON ADR)	16-Oct-08	24-Oct-12	3	214 22	104 23	109 99	Long-Term
BG GROUP PLC SPON ADR ADR CMN	2-Jul-09	1-Nov-12	13	230 47	222 47	8 00	Long-Term
RECKITT BENCKISER GROUP PLC SLOUGH UNSPONSORED ADR (UK)	13-Oct-08	28-Nov-12	16	199 05	139 16	59 89	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	22-Nov-10	28-Nov-12	7	122 75	94 68	28 07	Long-Term
TURKIYE GARANTI BANKASI AS GDS CMN	4-Feb-10	28-Nov-12	37	168 86	160 38	8 48	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	22-Nov-10	29-Nov-12	5	88 47	67 63	20 84	Long-Term
ASSA ABLOY AB UNSPONSORED ADR (SWEDEN)	23-Nov-10	29-Nov-12	3	53 08	39 77	13 31	Long-Term
WAL-MART DE MEXICO SAB DE CV SPONSORED ADR REPSTG SER V SHS	23-Jan-09	6-Dec-12	4	132 25	43 24	89 01	Long-Term
TEVA PHARMACEUTICAL IND LTD ADS	4-Jun-08	6-Dec-12	5	209 16	222 20	(13 04)	Long-Term
WAL-MART DE MEXICO SAB DE CV SPONSORED ADR REPSTG SER V SHS	18-Nov-08	6-Dec-12	3	99 19	37 51	61 68	Long-Term
RECKITT BENCKISER GROUP PLC SLOUGH UNSPONSORED ADR (UK)	17-Dec-08	7-Dec-12	18	227 74	140 49	87 25	Long-Term
RECKITT BENCKISER GROUP PLC SLOUGH UNSPONSORED ADR (UK)	13-Oct-08	7-Dec-12	5	63 26	43 49	19 77	Long-Term
ADIDAS AG ADR CMN	3-May-11	7-Dec-12	4	174 19	149 27	24 92	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	18-Feb-11	14-Dec-12	17	417 95	802 16	(384 21)	Long-Term
LVMH MOET HENNESSY LOUIS VUITTON S A ADR CMN	18-Nov-08	7-Dec-12	9	320 66	92 03	228 63	Long-Term
SBERBANK SPONSORED ADR CMN TRADEABLE ON LNSE & NASDAQ UK LINE	12-Sep-11	14-Dec-12	10	120 99	106 28	14 71	Long-Term
SBERBANK SPONSORED ADR CMN TRADEABLE ON LNSE & NASDAQ UK LINE	9-Sep-11	14-Dec-12	33	399 28	375 21	24 07	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	15-Mar-11	17-Dec-12	6	146 88	251 84	(104 96)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	25-May-11	17-Dec-12	3	73 44	125 39	(51 95)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	26-May-11	17-Dec-12	5	122 40	212 68	(90 28)	Long-Term
CNOOC LIMITED SPONSORED ADR CMN	5-Oct-09	17-Dec-12	1	213 53	134 70	78 83	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	18-Feb-11	17-Dec-12	1	24 48	47 19	(22 71)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	16-Sep-11	18-Dec-12	2	49 68	52 35	(2 67)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	12-Jul-11	18-Dec-12	7	173 88	257 88	(84 00)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	20-Jul-11	18-Dec-12	8	198 71	286 15	(87 44)	Long-Term
CREDIT SUISSE GROUP SPON ADR SPONSORED ADR CMN	16-Sep-11	19-Dec-12	9	226 81	235 56	(8 75)	Long-Term
GS CORE FIXED INCOME FUND INSTITUTIONAL SHARES	20-Dec-02	7-Feb-12	1,350 05	14,013 55	13,798 42	215 13	Long-Term
GS CORE FIXED INCOME FUND INSTITUTIONAL SHARES	7-Jan-03	7-Feb-12	583 21	6,053 72	5,943 24	110 48	Long-Term
GS CORE FIXED INCOME FUND INSTITUTIONAL SHARES	2-Jan-03	7-Feb-12	6,298 91	65,382 73	64,000 00	1,382 73	Long-Term
GS HIGH YIELD FUND INSTITUTIONAL SHARES	1-Aug-08	30-Nov-12	1,580 71	11,649 86	10,972 66	677 20	Long-Term
GS HIGH YIELD FUND INSTITUTIONAL SHARES	25-Jul-08	30-Nov-12	1,790 41	13,195 29	12,500 00	695 29	Long-Term
GS HIGH YIELD FUND INSTITUTIONAL SHARES	14-Feb-03	30-Nov-12	2,198 97	16,206 38	15,000 00	1,206 38	Long-Term
GS HIGH YIELD FUND INSTITUTIONAL SHARES	27-Jan-03	30-Nov-12	2,096 13	15,448 46	14,403 48	1,044 98	Long-Term
TOTAL LONG TERM GAINS/(LOSSES)				**1,106,646 92**	**1,040,999 73**	**65,647 19**	
TOTAL GAINS/(LOSSES)				**1,233,730 21**	**1,165,104 09**	**68,626 12**	