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

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2016

Open to Public Inspection

For calendar year 2016 or tax year beginning

, 2016, and ending

GRAHAM BENEVOLENT FOUNDATION
P.O. BOX 1567
GRAHAM, TX 76450

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, column (c), line 16) **\$ 3,428,738.** J Accounting method Cash Accrual
 Other (specify) *(Part I, column (d) must be on cash basis)*

A Employer identification number
75-6022754

B Telephone number (see instructions)
940-549-0077

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

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 <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	6.	6.	6.	
	4 Dividends and interest from securities	116,411.	116,411.	116,411.	
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	19,489.			
	b Gross sales price for all assets on line 6a	20,143.			
	7 Capital gain net income (from Part IV, line 2)		19,489.		
	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	135,906.	135,906.	116,417.	
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 sch)				
	c Other professional fees (attach sch)				
	17 Interest				
	18 Taxes (attach schedule) see instrs	SEE STM 1	3,938.		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	SEE STATEMENT 2	164.			
	24 Total operating and administrative expenses. Add lines 13 through 23		4,102.		
	25 Contributions, gifts, grants paid	STMT 3	156,000.		156,000.
	26 Total expenses and disbursements. Add lines 24 and 25		160,102.	0.	156,000.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements		-24,196.		
	b Net investment income (if negative, enter -0-)		135,906.		
	c Adjusted net income (if negative, enter -0-)			116,417.	

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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	1 Cash – non-interest-bearing	35,060.	11,517.	11,517.
	2	2 Savings and temporary cash investments			
	3	3 Accounts receivable			
		Less allowance for doubtful accounts			
	4	4 Pledges receivable			
		Less allowance for doubtful accounts			
	5	5 Grants receivable			
	6	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	7 Other notes and loans receivable (attach sch)			
		Less allowance for doubtful accounts			
	8	8 Inventories for sale or use			
	9	9 Prepaid expenses and deferred charges			
	10a	10a Investments – U.S. and state government obligations (attach schedule)			
	b	b Investments – corporate stock (attach schedule)	116,728.	116,074.	3,417,221.
	c	c Investments – corporate bonds (attach schedule)			
	11	11 Investments – land, buildings, and equipment: basis	7,325.		
	Less: accumulated depreciation (attach schedule) SEE STMT 4		7,325.	7,325.	
12	12 Investments – mortgage loans				
13	13 Investments – other (attach schedule)				
14	14 Land, buildings, and equipment basis				
	Less: accumulated depreciation (attach schedule)				
15	15 Other assets (describe SEE STATEMENT 5)			1.	
16	16 Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	159,113.	134,917.	3,428,738.	
LIABILITIES	17	17 Accounts payable and accrued expenses			
	18	18 Grants payable			
	19	19 Deferred revenue			
	20	20 Loans from officers, directors, trustees, & other disqualified persons			
	21	21 Mortgages and other notes payable (attach schedule)			
	22	22 Other liabilities (describe)			
	23	23 Total liabilities (add lines 17 through 22)	0.	0.	
NET ASSETS	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31.		<input type="checkbox"/>		
	24	24 Unrestricted			
	25	25 Temporarily restricted			
	26	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.		<input checked="" type="checkbox"/>		
	27	27 Capital stock, trust principal, or current funds			
	28	28 Paid-in or capital surplus, or land, bldg., and equipment fund	25,673.	25,673.	
	29	29 Retained earnings, accumulated income, endowment, or other funds	133,440.	109,244.	
	30	30 Total net assets or fund balances (see instructions)	159,113.	134,917.	
	31	31 Total liabilities and net assets/fund balances (see instructions)	159,113.	134,917.	

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	159,113.
2	Enter amount from Part I, line 27a	2	-24,196.
3	Other increases not included in line 2 (itemize)	3	
4	Add lines 1, 2, and 3	4	134,917.
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	134,917.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shares MLC Company)			(b) How acquired P — Purchase D — Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1 a 220 EXXON			P	VARIOUS	12/20/16
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a 20,143.		654.	19,489.		
b					
c					
d					
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col. (h)) gain minus col. (k), but not less than -0- or Losses (from col. (h))		
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any			
a			19,489.		
b					
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	19,489.	
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	0.	

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)

N/A

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))
2015			
2014			
2013			
2012			
2011			
2 Total of line 1, column (d)			2
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
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5			4
5 Multiply line 4 by line 3			5
6 Enter 1% of net investment income (1% of Part I, line 27b)			6
7 Add lines 5 and 6			7
8 Enter qualifying distributions from Part XII, line 4			8

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)

1 a Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter 'N/A' on line 1.	Date of ruling or determination letter: _____ (attach copy of letter if necessary – see instructions)	1	2,718.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here. ► <input type="checkbox"/> and enter 1% of Part I, line 27b			
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)			
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0.	
3 Add lines 1 and 2	3	2,718.	
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	2,718.	
6 Credits/Payments			
a 2016 estimated tax pmts and 2015 overpayment credited to 2016	6 a		
b Exempt foreign organizations – tax withheld at source	6 b		
c Tax paid with application for extension of time to file (Form 8868)	6 c		
d Backup withholding erroneously withheld	6 d		
7 Total credits and payments. Add lines 6a through 6d	7	0.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8		
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	2,718.	
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 2017 estimated tax ► Refunded	11		

Part VII-A Statements Regarding Activities

1 a 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? **1 a** Yes No

b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? **1 b** Yes 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? **1 c** Yes No

d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year:
(1) On the foundation ► \$ 0. **(2)** On foundation managers ► \$ 0.

e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.

2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities. **2** Yes 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** Yes No

4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year? **4 a** Yes No

b If 'Yes,' has it filed a tax return on **Form 990-T** for this year? **4 b** Yes No

5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If 'Yes,' attach the statement required by General Instruction T **5** Yes 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** Yes 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 No

8 a Enter the states to which the foundation reports or with which it is registered (see instructions) ► **8 a** Yes No

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 **8 b** Yes No

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 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? If 'Yes,' complete Part XIV **9** Yes No

10 Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses **10** Yes No

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Part VII-A Statements Regarding Activities (continued)

11. At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' attach schedule (see instructions)	<input checked="" type="checkbox"/> 11	Yes	No <input type="checkbox"/> 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)	<input type="checkbox"/> 12		X
13. Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address.	<input checked="" type="checkbox"/> 13	X	
14. The books are in care of ► STEVE DENNY Located at ► 735 ELM STREET GRAHAM TX	Telephone no ► 940-549-0077 ZIP + 4 ► 76450		
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	<input type="checkbox"/> 15	N/A	<input type="checkbox"/> N/A
16. At any time during calendar year 2016, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If 'Yes,' enter the name of the foreign country ►	<input type="checkbox"/> 16	Yes <input type="checkbox"/> X	No <input type="checkbox"/>

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.

1a. During the year did the foundation (either directly or indirectly)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
b. If any answer is 'Yes' to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1b	N/A	
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 2016?	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)):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
a. At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? If 'Yes,' list the years ► 20 __ , 20 __ , 20 __ , 20 __	2a		
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	N/A	
c. If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20 __ , 20 __ , 20 __ , 20 __	2c		
3a. Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	
b. If 'Yes,' did it have excess business holdings in 2016 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 2016)	3b	N/A	
4a. Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X	
b. Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2016?	4b	X	

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5 a** 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))?
- (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?
- (3) Provide a grant to an individual for travel, study, or other similar purposes?
- (4) Provide a grant to an organization other than a charitable, etc , organization described in section 4945(d)(4)(A)? (see instructions)
- (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
 Yes No
 Yes No
 Yes No
 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)?

Organizations relying on a current notice regarding disaster assistance check here.

5 b N/A

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)

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

If 'Yes' to 6b, file Form 8870

7 a 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

7 b

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
ND STOVALL, JR P.O. BOX 10 GRAHAM, TX 76450	PRESIDENT 1.00	0.	0.	0.
JOHN C GRAHAM P.O. BOX 1567 GRAHAM, TX 76450	SECRETARY 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		0

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 <u>PRIVATE FUNDING</u>	
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	
<u>N/A</u>	
2	

All other program-related investments See instructions

3	

Total. Add lines 1 through 3	0.
-------------------------------------	-----------

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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 3,417,221.
b	Average of monthly cash balances	1b
c	Fair market value of all other assets (see instructions)	1c
d	Total (add lines 1a, b, and c)	1d 3,417,221.
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 3,417,221.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4 51,258.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5 3,365,963.
6	Minimum investment return. Enter 5% of line 5	6 168,298.

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	1 168,298.
2a	Tax on investment income for 2016 from Part VI, line 5	2a 2,718.
b	Income tax for 2016. (This does not include the tax from Part VI)	2b
c	Add lines 2a and 2b	2c 2,718.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3 165,580.
4	Recoveries of amounts treated as qualifying distributions	4
5	Add lines 3 and 4	5 165,580.
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	7 165,580.

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 156,000.
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	3a
a	Suitability test (prior IRS approval required)	3b
b	Cash distribution test (attach the required schedule)	4 156,000.
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	
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	6 156,000.

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 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				165,580.
2 Undistributed income, if any, as of the end of 2016:			154,158.	
a Enter amount for 2015 only		0.		
b Total for prior years: 20 ___, 20 ___, 20 ___				
3 Excess distributions carryover, if any, to 2016:				
a From 2011				
b From 2012				
c From 2013				
d From 2014				
e From 2015				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2016 from Part XII, line 4 ► \$ 156,000.			154,158.	
a Applied to 2015, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)		0.		
c Treated as distributions out of corpus (Election required – see instructions)	0.			
d Applied to 2016 distributable amount				1,842.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount – see instructions		0.		
e Undistributed income for 2015. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2016 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2017				163,738.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required – see instructions)	0.			
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2012				
b Excess from 2013				
c Excess from 2014				
d Excess from 2015				
e Excess from 2016				

BAA

Part XV **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
Total				► 3a
<i>b Approved for future payment</i>				
Total				► 3b

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments				14	6.
4	Dividends and interest from securities				14	116,411.
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					19,489.
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)				116,417.	19,489.
13	Total. Add line 12, columns (b), (d), and (e)				13	135,906.

(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	

2016

FEDERAL STATEMENTS

PAGE 1

CLIENT GRAH2754

GRAHAM BENEVOLENT FOUNDATION

75-6022754

5/05/17

09 55AM

STATEMENT 1
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
SEC 4940 EXCISE TAX	\$ 3,938.	\$ 0.	\$ 0.	\$ 0.
TOTAL	<u>\$ 3,938.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

STATEMENT 2
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEES	\$ 164.	\$ 0.	\$ 0.	\$ 0.
TOTAL	<u>\$ 164.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>	<u>\$ 0.</u>

STATEMENT 3
FORM 990-PF, PART I, LINE 25
CONTRIBUTIONS, GIFTS, AND GRANTS

CASH GRANTS AND ALLOCATIONS

DONEE'S NAME:	GRAHAM COMMUNITY FOUNDATION
RELATIONSHIP OF DONEE:	NONE
ORGANIZATIONAL STATUS OF DONEE:	PUBLIC CHARITY
AMOUNT GIVEN:	\$ 155,000.
DONEE'S NAME:	GRAHAM HOSPITAL FOUNDATION
AMOUNT GIVEN:	1,000.
TOTAL \$ <u>156,000.</u>	

STATEMENT 4
FORM 990-PF, PART II, LINE 11
INVESTMENTS - LAND, BUILDINGS, AND EQUIPMENT

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
LAND	\$ 7,325.	\$ 0.	\$ 7,325.	\$ 0.
TOTAL	<u>\$ 7,325.</u>	<u>\$ 0.</u>	<u>\$ 7,325.</u>	<u>\$ 0.</u>

2016

FEDERAL STATEMENTS

PAGE 2

CLIENT GRAH2754

GRAHAM BENEVOLENT FOUNDATION

75-6022754

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STATEMENT 5
FORM 990-PF, PART II, LINE 15
OTHER ASSETS

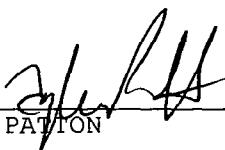
ROUNDING

	BOOK VALUE	FAIR MARKET VALUE
TOTAL	\$ 1.	\$ 0.

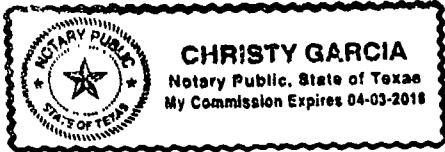
GRAHAM BENEVOLENT FOUNDATION
RE: PUBLIC/LEGAL NOTICE
ANNUAL REPORT

STATE OF TEXAS
COUNTY OF YOUNG

Before me, the undersigned authority, on this day personally appeared TYLER PATTON the PUBLISHER of THE GRAHAM LEADER, a newspaper having general circulation in Young County, Texas, who being by me duly sworn, deposes and says that the foregoing attached Notice was published in said newspaper on the following date(s) to wit: APRIL 29TH & MAY 3RD, 2017.


TYLER PATTON

Subscribed and sworn to before me this 11th day of May, 2017
to certify which witness my hand and seal of office.




CHRISTY GARCIA

Notary Public in and for the
State of Texas

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TDD 800-760-1997

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940-549-6808

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and restaurants
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Doctor on mission to clear air, save soil



know what it means. She said it's the continued capacity of the soil to provide a habitat for microbes and animals and sustain plants, animals and humans.

Conservation or reduced tillage and the use of cover crops, crops planted over the winter to hold the soil in place for example, can all factor into improving soil health, she said.

"Everybody that's spent any time in West Texas has seen a dust storm," Lewis said. "A winter cover crop can really help hold that soil down and in place. One of the issues keeping farmers from planting a cover crop here is that cover crops need moisture to grow like every crop. As that cover crop is growing, it's using moisture. If we didn't have the cover crop, that moisture would likely be stored in the soil and available for the cash crop," she said.

"Our research in this area really centers around trying to optimize when to terminate the cover crop so we can maintain or reduce that deficit of moisture at planting time of the cash crop."

Lewis said one of the projects is an 18-year no-till rye cover crop project. Over the past several years a mixed cover crop has been planted to compare a conventional cotton tillage system a no-till rye cover crop and a

no-till mixed cover crop. The mixed cover crop includes rye, hairy vetch, radish and winter pea.

"The benefit of the mixed cover is to provide diversity and to potentially increase the amount of soil nitrogen as the result of nitrogen fixation," she said. "The legumes, the hairy vetch and white peas, can add nitrogen to the soil. The problem though is typically we don't have a long enough growing season for nodulation of the cover crops for that to occur. For a May planted dryland cotton crop to have sufficient moisture, the cover crop needs to be terminated by mid-March and timely rains need to fall."

"That doesn't give us a long enough growing window to produce the high cover crop biomass that's really recommended in other parts of the U.S.," Lewis said.

"There's quite a bit we're working on to try to optimize the termination timing in a semi-arid environment to best manage cover crops to its additional full potential aside from just holding the soil in place."

Lewis said over the 18-year period organic matter has nearly doubled using reduced tillage and rye cover, but this increased level of organic matter is still far less than other parts of the U.S. And though they are seeing

an improvement, they are not seeing improved cotton yields over that of conventional cotton practices.

"Over the many years, there's no difference for lint yield between the conventional system, the continuous cotton system, compared with no-till and a cover crop."

But it's not all bad news, as she said the team approach among researchers at Lubbock has revealed some other benefits especially with crop rotations.

Dr. Terry Wheeler, AgriLife Research plant pathologist at Lubbock, working at the same AG-CARES farm in Lamont, found a cotton, wheat, fallow rotation can reduce nematode pressure compared to a continuous cotton planted in rye cover, Lewis said.

"Compared to a continuous system, that rotation really does provide benefits beyond just reducing soil erosion," she said. "I think through continued research, we will be able to reach a point where we can successfully use cover crops as well as maintain our cotton yields to improve the health of our soil."

Lewis said the main thing farmers need to do is know their system. If their land is irrigated, they can be more successful with a cover crop on the South Plains than dryland farmers at the mercy of rainfall.

"I think with more knowledge, cover crops can be a useful tool in this area," she said. "But we are working to answer the many questions that surround the practice and develop better systems in this unique area."

Conditions good for crawfish producers amid an expanding Texas market

Texas crawfish producers are expected to have a good year as demand continues to increase in larger markets, said a Texas A&M AgriLife Extension Service expert.

To Dr. Todd Slink, AgriLife Extension fisheries specialist in College Station, said early reports from crawfish producers in southeast Texas indicate it will be an average to above-average year.

"At this point, we're about 8 percent lower in production than last year, meaning for every 10 pounds produced last year we're producing around 9.2 pounds," he said. "That might sound bad but production was up so far last year that we're still doing well."

In 2016, a mild winter, coupled with heavy spring rains and wet conditions throughout the season allowed Texas crawfish producers to increase production around 19 percent. Slink said.

"Anytime we get a mild winter and it stays wet it is typically good," he said. "Crawfish are active longer and continue to grow. Last year was just out of this world."

Mild winters can mean crawfish season can begin in early February, while cold winters can push the season

into March. Producers begin to serve local and area consumers as soon as crawfish exit dormancy and begin serving other markets as their numbers increase.

Slink said the crawfish market has expanded over the last 15-20 years.

There are a lot more people eating crawfish nationally, he said. Crawfish can be viewed as a strange delicacy by people outside of Louisiana and southeast Texas, but it's less taboo and there has been more and more demand for them."

Slink said demand in Texas markets like Austin, Dallas and San Antonio has prodded producers to expand their capacity and has brought new producers into the market.

Prices can hover in the low-\$2 per pound range for live crawfish from local producers, but it's not uncommon to see \$8-\$9 per pound for live crawfish in distant markets when demand is high and transport costs are added, Slink said. Crawfish season

during Lent, between Fat Tuesday and Easter, when demand can push prices higher.

Texas is No. 2 in U.S. crawfish production, well behind Louisiana, but well ahead of the next state, Slink said.

"Louisiana produces about 90 percent of the crawfish, but they also consume about 90 percent of the crawfish they produce," Slink said. "They typically serve local area demand before the market sharing."

Slink said most Louisiana crawfish farming compliments rice production but most Texas producers grow their crawfish in permanently flooded ponds. There are seven large producers with 100-300 acres of capacity each, mostly in southeast Texas between Beaumont and Houston, but small-scale producers are entering the market as an opportunity for supplemental income as demand grows.

Good conditions this year are providing good opportunities for producers and decent prices for consumers, he said.

"We typically want to see about 600 pounds of crawfish per acre from our producers to be profitable," he said.

"This year, some producers are seeing 700-750 pounds per acre."



