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Form **990-PF****Return of Private Foundation**
or Section 4947(a)(1) Trust Treated as Private Foundation

OMB No 1545-0052

2016

Open to Public Inspection

Department of the Treasury
Internal Revenue Service▶ Do not enter social security numbers on this form as it may be made public.
▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.For calendar year **2016** or tax year beginning **07/01/16**, and ending **06/30/17**

Name of foundation Bessie I Hofstetter Trust		A Employer identification number 75-6006485
Number and street (or P.O. box number if mail is not delivered to street address) 400 West Collin Street	Room/suite	B Telephone number (see instructions) 903-874-1700
City or town, state or province, country, and ZIP or foreign postal code Corsicana TX 75110		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 4,820,833	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

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					
	4 Dividends and interest from securities	130,340	130,340			
	5a Gross rents					
	b Net rental income or (loss)					
	6a Net gain or (loss) from sale of assets not on line 10 Stmt 1	31,581				
	b Gross sales price for all assets on line 6a 507,429					
	7 Capital gain net income (from Part IV, line 2)		1,383			
	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		161,921	131,723	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	26,044	15,626		10,418	
	14 Other employee salaries and wages					
	15 Pension plans, employee benefits					
	16a Legal fees (attach schedule)					
	b Accounting fees (attach schedule) Stmt 2	1,450	870		580	
	c Other professional fees (attach schedule)					
	17 Interest					
	18 Taxes (attach schedule) (see instructions)					
	19 Depreciation (attach schedule) and depletion					
	20 Occupancy					
	21 Travel, conferences, and meetings					
	22 Printing and publications					
	23 Other expenses (att sch)					
	24 Total operating and administrative expenses. Add lines 13 through 23		27,494	16,496	0	10,998
	25 Contributions, gifts, grants paid		216,000			216,000
26 Total expenses and disbursements. Add lines 24 and 25		243,494	16,496	0	226,998	
27 Subtract line 26 from line 12:						
a Excess of revenue over expenses and disbursements		-81,573				
b Net investment income (if negative, enter -0-)			115,227			
c Adjusted net income (if negative, enter -0-)				0		

For Paperwork Reduction Act Notice, see instructions.

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Form **990-PF** (2016)

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	109,768	38,997	38,997
	3 Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (att. schedule) ▶ Less allowance for doubtful accounts ▶	0		
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments – U S and state government obligations (attach schedule)			
	b Investments – corporate stock (attach schedule) See Stmt 3	921,886	887,371	2,036,008
	c Investments – corporate bonds (attach schedule) See Stmt 4	437,949	438,094	456,660
	11 Investments – land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch.) ▶			
	12 Investments – mortgage loans			
	13 Investments – other (attach schedule) See Statement 5	2,005,999	2,031,838	2,289,168
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch.) ▶			
	15 Other assets (describe ▶)			
	16 Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	3,475,602	3,396,300	4,820,833
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ <input checked="" type="checkbox"/>			
	24 Unrestricted	3,475,602	3,396,300	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input type="checkbox"/>			
	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			
	30 Total net assets or fund balances (see instructions)	3,475,602	3,396,300	
	31 Total liabilities and net assets/fund balances (see instructions)	3,475,602	3,396,300	

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	3,475,602
2 Enter amount from Part I, line 27a	2	-81,573
3 Other increases not included in line 2 (itemize) ▶ See Statement 6	3	2,271
4 Add lines 1, 2, and 3	4	3,396,300
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	3,396,300

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)		(b) How acquired P – Purchase D – Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a Capital Gain Distributions				
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 1,383			1,383	
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			1,383	
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	1,383
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 			3	

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

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

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

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

☐ Yes ☒ No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2015	237,783	4,572,703	0.052001
2014	226,219	4,867,382	0.046477
2013	220,316	4,721,763	0.046660
2012	206,952	4,365,637	0.047405
2011	189,682	4,245,025	0.044683
2 Total of line 1, column (d)			2 0.237226
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 0.047445
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5			4 4,719,568
5 Multiply line 4 by line 3			5 223,920
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,152
7 Add lines 5 and 6			7 225,072
8 Enter qualifying distributions from Part XII, line 4			8 226,998

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> 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 <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	1,152
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	1,152
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	1,152
6 Credits/Payments:			
a 2016 estimated tax payments and 2015 overpayment credited to 2016	6a		
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d		7	
8 Enter any penalty for underpayment of estimated tax Check here <input checked="" type="checkbox"/> if Form 2220 is attached		8	28
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	1,180
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

	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?		<input checked="" type="checkbox"/>
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		<input checked="" type="checkbox"/>
1c Did the foundation file Form 1120-POL for this year?		<input checked="" type="checkbox"/>
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.		<input checked="" type="checkbox"/>
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		<input checked="" type="checkbox"/>
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		<input checked="" type="checkbox"/>
4b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		<input checked="" type="checkbox"/>
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?	<input checked="" type="checkbox"/>	
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	<input checked="" type="checkbox"/>	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) TX		
8b 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	<input checked="" type="checkbox"/>	
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		<input checked="" type="checkbox"/>
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		<input checked="" type="checkbox"/>

Part VII-A Statements Regarding Activities (continued)

		Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	13	X	
14 The books are in care of ► Citizens National Bank Telephone no. ► 903-874-1700 400 West Collin Located at ► Corsicana TX ZIP+4 ► 75110			
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		X
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 ►	16		X

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

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

		Yes	No
1a During the year did the foundation (either directly or indirectly):			
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input checked="" type="checkbox"/> Yes <input 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		X
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)):			
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	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement – see instructions.)	N/A		
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	2b		
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)	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)

5a During the year did the foundation pay or incur any amount to				
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?		N/A	5b	
Organizations relying on a current notice regarding disaster assistance check here		<input type="checkbox"/>		
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	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?			6b	X
If "Yes" to 6b, file Form 8870.				
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No		
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?		N/A	7b	

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Citizens National Bank 400 West Collin	Corsicana TX 75110	Trustee 8.00	26,044	0

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

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

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

0

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)***3** Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services ▶**Part IX-A** Summary of Direct Charitable Activities

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

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

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

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	4,665,366
b	Average of monthly cash balances	1b	126,074
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	4,791,440
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	4,791,440
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	71,872
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,719,568
6	Minimum investment return. Enter 5% of line 5	6	235,978

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	235,978
2a	Tax on investment income for 2016 from Part VI, line 5	2a	1,152
b	Income tax for 2016 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,152
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	234,826
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	234,826
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	234,826

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	226,998
b	Program-related investments – total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	226,998
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	1,152
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	225,846

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.

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	(a) Corpus	(b) Years prior to 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2016.				
a Enter amount for 2015 only				
b Total for prior years. 20 , 20 , 20				234,826
3 Excess distributions carryover, if any, to 2016:			214,783	
a From 2011				
b From 2012				
c From 2013				
d From 2014				
e From 2015				
f Total of lines 3a through e				
4 Qualifying distributions for 2016 from Part XII, line 4. \$ 226,998				
a Applied to 2015, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)			214,783	
c Treated as distributions out of corpus (Election required - see instructions)				
d Applied to 2016 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a).)				12,215
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount - see instructions				
e Undistributed income for 2015. Subtract line 4a from line 2a. Taxable amount - see instructions				
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				
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)				222,611
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a				
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				

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 2016, enter the date of the ruling ▶**b** Check box to indicate whether the foundation is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2016	(b) 2015	(c) 2014	(d) 2013	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test – enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test – enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year – see instructions.)**1 Information Regarding Foundation Managers:****a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2))**N/A****b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.**N/A****2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.**a** The name, address, and telephone number or e-mail address of the person to whom applications should be addressed:**See Attached****b** The form in which applications should be submitted and information and materials they should include.**See Attached****c** Any submission deadlines:**See Attached****d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors.**See Attached**

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 Attached List	None	Exempt Charitable Operations		216,000
Total			▶ 3a	216,000
b Approved for future payment N/A				
Total			▶ 3b	

Part XVI-A

[illegible]

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

[illegible]

DAA

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 6a - Sale of Assets

Whom Sold	Description	Date Acquired	Date Sold	How Received		Cost	Expense	Depreciation	Net Gain / Loss
				Sale Price	Purchase				
Vanguard Dividend Growth	5/19/16	1/05/17	\$	Purchase	138,357	\$			5,331
Third Avenue Real Estate Value	2/25/11	7/22/16		Purchase	25,000				7,027
Third Avenue Real Estate Value	12/19/12	7/22/16		Purchase	4,445				937
Northern High Yield Fund	6/08/09	2/17/17		Purchase	50,000				3,768
Northern High Yield Fund	10/01/09	2/17/17		Purchase	25,000				295
Northern High Yield Fund	11/10/09	2/17/17		Purchase	25,000				37
Northern High Yield Fund	6/14/10	2/17/17		Purchase	25,000				221
Walmart Stores	4/06/04	2/17/17		Purchase	34,515				10,223
Vanguard GNMA	4/08/04	3/24/17		Purchase	75,086				359
Vanguard Short Term Inv Grade	12/05/07	3/24/17		Purchase	1,769				-9
Vanguard Short Term Inv Grade	2/01/08	3/24/17		Purchase	25,000				-278
Vanguard Short Term Inv Grade	4/07/08	3/24/17		Purchase	25,000				142
Vanguard Short Term Inv Grade	11/17/08	3/24/17		Purchase	21,676				2,145
Total			\$	506,046	\$	475,848	\$	0	\$ 30,198

Federal Statements

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Indirect Accounting Fees	\$ 1,450	\$ 870	\$	\$ 580
Total	\$ 1,450	\$ 870	\$ 0	\$ 580

Statement 3 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
600 shs Abbott Laboratories	\$ 12,406	\$ 12,406	Cost	\$ 29,166
600 shs Abbvie	13,454	13,454	Cost	43,506
48 shs Alphabet Cl C	15,135	15,135	Cost	43,619
48 shs Alphabet Cl A	15,136	15,136	Cost	44,625
600 shs American Express	23,722	23,722	Cost	50,544
550 Apache Corp	21,502	21,502	Cost	26,362
574 shs Apple	45,234	45,234	Cost	82,667
675 shs Baxter Int'l	26,393	26,393	Cost	40,865
350 shs Berkshire Hathaway B	20,204	20,204	Cost	59,279
350 shs Boeing	14,224	14,224	Cost	69,213
800 shs Chevron	32,406	32,406	Cost	83,464
2800 shs Cisco	33,036	33,036	Cost	87,640
1400 shs Coca Cola	52,501	52,501	Cost	62,790
650 shs Colgate-Palmolive	17,767	17,767	Cost	48,185
1200 shs Dominion Energy	37,878	37,878	Cost	91,956
1050 shs Exelon	34,692	34,692	Cost	37,874
500 shs Express Scripts	36,265	36,265	Cost	31,920
900 shs ExxonMobil	24,380	24,380	Cost	72,657
700 shs Fiserv	12,600	12,600	Cost	85,638
600 shs General Dynamic	23,829	23,829	Cost	118,860
1300 shs General Electric	10,876	10,876	Cost	35,113
1300 shs Intel	25,889	25,889	Cost	43,862
175 shs International Business Mach	19,653	19,653	Cost	26,920
600 shs Johnson & Johnson	22,225	22,225	Cost	79,374
840 shs MetLife	30,946	30,946	Cost	46,150
1500 shs Microsoft	25,240	25,240	Cost	103,395
500 shs National Oilwell Varco	35,013	35,013	Cost	16,470
550 shs PepsiCo	21,938	21,938	Cost	63,520
1100 shs Pfizer	36,514	36,514	Cost	36,949
900 shs Proctor and Gamble	4,218	4,218	Cost	78,435

Federal Statements

Statement 3 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
1045 shs US Bancorp	\$ 30,274	\$ 30,274	Cost	\$ 54,256
500 shs United Parcel Service CL B	35,475	35,475	Cost	55,295
500 shs United Technologies	18,413	18,413	Cost	61,055
800 shs Verizon	21,393	21,393	Cost	35,728
650 shs Walmart Stores	34,515		Cost	
1600 shs Wells Fargo	36,540	36,540	Cost	88,656
Total	\$ 921,886	\$ 887,371		\$ 2,036,008

Statement 4 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Apple Inc 2.4% due 5/03/23	\$ 96,227	\$ 96,717	Cost	\$ 99,213
Berkshire Hathaway 3.75% due 8/15/21	101,804	101,500	Cost	106,459
Gen Electric Cap Corp 3.15% 9/7/22	140,291	140,250	Cost	145,233
Wells Fargo & Co 4.125% due 8/15/23	99,627	99,627	Cost	105,755
Total	\$ 437,949	\$ 438,094		\$ 456,660

Statement 5 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Dodge & Cox Income Fund	\$ 305,816	\$ 386,064	Cost	\$ 388,101
Northern High Yeild	125,000		Cost	
T Rowe Price High Yield	185,000		Cost	
Flexshares TR IBOXX 3R Target		75,516	Cost	74,500
Flexshares TR IBOXX 5R Target		75,573	Cost	74,705
T Rowe Price High Yield Fund		239,961	Cost	241,904
Vanguard GNMA	395,087	320,001	Cost	320,298
Vanguard S-T Inv Grade Fund	376,768	303,324	Cost	311,993
12,320.297 shs DFA Int'l Core Equity	138,357	138,357	Cost	162,135
1230 shs Flexshares MSTAR GBL Up		36,334	Cost	35,141
2691 shs Flexshares Quality Dividend		107,129	Cost	110,546
3796.842 shs MFS Int'l Value I	138,357	138,357	Cost	161,328

Federal Statements

Statement 5 - Form 990-PF, Part II, Line 13 - Other Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Vanguard Dividend Growth	\$ 138,357		Cost	\$ 40,626
Third Avenue Real Estate Value Fd	65,000	35,556	Cost	33,927
Vanguard REIT Index		37,409	Cost	41,916
Vanguard Int'l Explorer	29,335	29,335	Cost	292,048
Vanguard 500 Index	108,922	108,922	Cost	
Total	\$ 2,005,999	\$ 2,031,838		\$ 2,289,168

Federal Statements**Statement 6 - Form 990-PF, Part III, Line 3 - Other Increases**

Description	Amount
Refund of Prior Year Excise Taxes	\$ 2,271
Total	\$ 2,271

Form 990-PF, Part XV, Line 2b - Application Format and Required Contents

Description
See Attached

Form 990-PF, Part XV, Line 2c - Submission Deadlines

Description
See Attached

Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description
See Attached

BESSIE I. HOFSTETTER TRUST
CHARITABLE VALUATION

JULY 1, 2016 TO JUNE 30, 2017

DONATIONS:	AMOUNTS
CITY OF CORSICANA - KID'S HOOKED ON FISHING DONATION	2,500.00
UNITED FUND OF NAVARRO COUNTY DONATION	10,000.00
ESSILOR VISION FOUNDATION DONATION	2,500.00
WESTMINSTER PRESBYTERIAN CHURCH DONATION	85,000.00
PRESBYTERIAN CHILDREN'S HOMES & SERVICES DONATION	50,000.00
PROLIFE OF NAVARRO COUNTY DONATION	3,500.00
CAMP OF THE RISING SUN DONATION	5,000.00
FAMILY SERVICE ASSOCIATION DONATION	5,000.00
NORTHSIDE BAPTIST CHURCH - BACKPACKS OF LOVE DONATION	5,000.00
BOYS & GIRLS CLUBS OF NAVARRO COUNTY, TEXAS DONATION	6,000.00
CIRCLE TEN COUNCIL, BOY SCOUTS DONATION	1,000.00
BAPTIST STUDENT MINISTRY OF TEXAS DONATION	5,000.00
YMCA OF CORSICANA DONATION	9,250.00

HABITAT FOR HUMANITY OF NAVARRO COUNTY
DONATION

4,000.00

NAVARRO COUNTY FOOD PANTRY
DONATION

5,000.00

V.O.I.C.E., INC.
DONATION

17,250.00

TOTAL CHARITABLE CONTRIBUTIONS FOR 2016

\$216,000.00

**BESSIE I. HOFSTETTER TRUST
PUBLIC CHARITY FUND
GRANT GUIDELINES**

WHEN TO APPLY

Citizens National Bank is the Trustee of the Bessie I. Hoffstetter Trust. The Trustee awards grants four times a year, January, April, July and October. The application deadline for these four meetings is December 31, March 31, June 30 and September 30, respectively.

TYPES OF REQUESTS FUNDED BY THE BESSIE I. HOFSTETTER TRUST

The Trust operates as a public charity fund established under the provisions of the Will of Bessie I. Hofstetter.

The Trustee is directed to expend the fund for worthy objects of charity, including the support of the Christian religion

The charity so expended in the relief of poverty shall be without regard to race, color, sex or religious belief

The Trustee is guided by the definition of "Charity": Generosity and helpfulness especially toward the needy or suffering; aid given to those in need.

The Bessie I. Hofstetter Trust gives priority to proposals that:

Benefit the poor, indigent, needy and suffering of Navarro County.

Grants are given only to organizations qualifying as Section 501 (c) (3) organizations as non-profit, charitable organizations, never to individuals or for-profit organizations.

HOW TO APPLY

Complete the attached Grant Application Form and return it to the Trustee by the dates given above at Citizens National Bank Trust Department, 400 West Collin Avenue, Corsicana, Texas 75110.

Include with the grant application copies of your organization's complete financial statements for the prior calendar or fiscal year of the organization.

**BESSIE I. HOFSTETTER TRUST
PUBLIC CHARITY FUND**

GRANT APPLICATION

Organization Information

Legal Name:

Assumed Name, if any:

Address:

City, State, Zip:

IRS Tax I. D.

Attach a copy of the organizations Determination Letter from the Internal Revenue Service confirming its status as a Section 501 (c) (3) organization.

Telephone number:

Fax number:

Website Address, if any:

E-Mail Address, if any:

Brief history of your organization, its mission, and constituents served:

Organization Contact Information

Contact Name:

Title / Position:

Address:

City, State, Zip

* Telephone

E-Mail Address, if any:

Grant Proposal Information (Attach additional sheets as needed)

Project Title:

Total Budget for the Project:

Amount requested from Bessie I. Hofstetter Trust:

Project description and explanation of its significance (including performance measures):

Please explain the benefits of your project. How will the project further the objectives set out in the Bessie I. Hofstetter Trust- Public Charity Fund-Grant Guidelines:

Background Information on the individuals who will be carrying out the project:

If applicable, a list of other organizations who are or will be funding this project: