Acknowledgement and General Information for Taxpayers Who File Returns Electronically

Thank you for taking part in the IRS e-file Program.

Sterling-Turner Foundation
815 Walker

Houston, TX 77002-5724

[X] Your Form 990-PF, Return of Private Foundation for tax year December 31, 2009 is being filed electronically with the IRS by the services of Daniel P. McGuire, P.C..

[X] Your return was accepted by the IRS on 06/21/10 and the Submission Identification Number assigned to your return is 79018720101720286555.

[ ] You elected to pay the balance due on the return using electronic funds withdrawal.
[ ] The payment request has been received by the IRS. If this is not checked, the balance due must be paid by August 15, 2010.

Since you are filing your return electronically, PLEASE DO NOT SEND A PAPER COPY OF YOUR RETURN TO THE IRS. IF YOU DO, IT WILL DELAY THE PROCESSING OF THE RETURN.

Acknowledgement Process

The IRS will notify your electronic return originator when they accept your return, usually within 48 hours. If your return was not accepted, IRS will notify your electronic return originator of the reasons for rejection.

If You Need to Make a Change to Your Return

If you need to make a change or correct the return you filed electronically, you can send either an amended electronic tax return or you can send an amended Form 990-PF, Return of Private Foundation, to the IRS submission processing center that processes paper returns for your area.

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

2009

For calendar year 2009, or tax year beginning , and ending

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

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation: Sterling-Turner Foundation

Number and street (or P.O. box number if mail is not delivered to street address): 815 Walker — Room/suite: 1543

City or town, state, and ZIP code: Houston TX 77002-5724

A Employer identification number: 74-1460482

B Telephone number (see page 10 of the instructions): 713-237-1117

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 ▶ ☐

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) ▶ $ 49,620,038

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 page 11 of the instructions).)

	Line	Description	(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 ▶ ☒ if the foundation is not required to attach Sch. B				
	3	Interest on savings and temporary cash investments	99	99		
	4	Dividends and interest from securities	1,292,998	1,292,998		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	3,898,540			
	b	Gross sales price for all assets on line 6a 4,871,729				
	7	Capital gain net income (from Part IV, line 2)		3,898,540		
	8	Net short-term capital gain			0	
	9	Income modifications				
	10a	Gross sales less returns & allowances				
	b	Less: Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule) Stmt 1	9,133			
	12	**Total.** Add lines 1 through 11	5,200,770	5,191,637	0	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.	2,200			2,200
	14	Other employee salaries and wages	61,450			61,450
	15	Pension plans, employee benefits	17,468			17,468
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule) Stmt 2	63,235	15,809		47,426
	c	Other professional fees (attach schedule) Stmt 3	29,958	29,958		
	17	Interest				
	18	Taxes (attach schedule) (see page 14 of the instructions) Stmt 4	48,918			
	19	Depreciation (attach schedule) and depletion Stmt 5	2,842			
	20	Occupancy	26,299			26,299
	21	Travel, conferences, and meetings	2,200			2,200
	22	Printing and publications				
	23	Other expenses (att. sch.) Stmt 6	12,520	6,260		6,260
	24	**Total operating and administrative expenses.** Add lines 13 through 23	267,090	52,027		163,303
	25	Contributions, gifts, grants paid	3,920,000			3,920,000
	26	**Total expenses and disbursements.** Add lines 24 and 25	4,187,090	52,027	0	4,083,303
	27	Subtract line 26 from line 12:				
	a	Excess of revenue over expenses and disbursements	1,013,680			
	b	**Net investment income** (if negative, enter -0-)		5,139,610		
	c	**Adjusted net income** (if negative, enter -0-)			0	

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)

			Beginning of year (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing	263,927	1,032,057	1,032,057
	2	Savings and temporary cash investments			
	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 16 of the instructions)			
	7	Other notes and loans receivable (att. schedule) ▶ See Wrk 3,605			
		Less: allowance for doubtful accounts ▶	3,605	3,605	3,605
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	32,484	48,919	48,919
	10a	Investments—U.S. and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule) See Stmt 7	4,955,926	4,161,487	47,433,206
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach sch.) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule) See Statement 8		1,008,877	1,102,251
	14	Land, buildings, and equipment: basis ▶ 126,183			
		Less: accumulated depreciation (attach sch.) ▶ Stmt 9 124,482	4,543	1,701	
	15	Other assets (describe ▶ See Statement 10)	7,173	24,087	
	16	**Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	5,267,658	6,280,733	49,620,038
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities** (add lines 17 through 22)	0	0	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds	4,662,308	5,267,658	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	605,350	1,013,075	
	30	**Total net assets or fund balances** (see page 17 of the instructions)	5,267,658	6,280,733	
	31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	5,267,658	6,280,733	

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	5,267,658
2	Enter amount from Part I, line 27a	2	1,013,680
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	6,281,338
5	Decreases not included in line 2 (itemize) ▶ See Statement 11	5	605
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	6,280,733

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	See Worksheet			
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				
b				
c				
d				
e				

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

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) **or** Losses (from col. (h))
a				
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** 3,898,540

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 pages 13 and 17 of the instructions).
If (loss), enter -0- in Part I, line 8 . . . **3** 142,559

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))
2008	4,199,932	64,515,872	0.065099
2007	1,609,217	67,769,735	0.023745
2006	2,139,902	54,920,007	0.038964
2005	3,683,449	50,995,977	0.072230
2004	3,111,006	43,946,746	0.070790

2	**Total** of line 1, column (d)	2	0.270828
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	0.054166
4	Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	51,390,127
5	Multiply line 4 by line 3	5	2,783,598
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	51,396
7	Add lines 5 and 6	7	2,834,994
8	Enter qualifying distributions from Part XII, line 4	8	4,083,303

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 on page 18.

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	51,396
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	51,396
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	51,396
6	Credits/Payments:		
a	2009 estimated tax payments and 2008 overpayment credited to 2009 — 6a: 48,919		
b	Exempt foreign organizations—tax withheld at source — 6b:		
c	Tax paid with application for extension of time to file (Form 8868) — 6c: 15,381		
d	Backup withholding erroneously withheld — 6d:		
7	Total credits and payments. Add lines 6a through 6d	7	64,300
8	Enter any **penalty** for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	57
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶	9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶	10	12,847
11	Enter the amount of line 10 to be: **Credited to 2010 estimated tax** ▶ 12,847 Refunded ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	If the answer is "Yes" to **1a** or **1b,** attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ ________ **(2)** On foundation managers. ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ TX			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

DAA

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 page 20 of the instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ www.sterlingturnerfoundation.org

14 The books are in care of ▶ Patricia Stilley Telephone no. ▶ 713-237-1117

815 Walker, Suite 1543

Located at ▶ Houston, TX ZIP+4 ▶ 77002-5724

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

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

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

			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ **Yes** ☒ **No**			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ **Yes** ☒ **No**			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ **Yes** ☒ **No**			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☒ **Yes** ☐ **No**			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ **Yes** ☒ **No**			
	(6) Agree to pay money or property to a government official? **(Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ **Yes** ☒ **No**			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	1b		X
	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 2009?	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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? ☐ **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 page 20 of the instructions.) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20 ...., 20 ...., 20 ...., 20			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ **Yes** ☒ **No**			
b	If "Yes," did it have excess business holdings in 2009 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 2009.) N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?	4b		X

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

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

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

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

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

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the 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 page 22 of the instructions)? N/A — **5b**

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

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

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

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

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

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

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? N/A — **7b**

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

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the 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 Statement 12				

2 Compensation of five highest-paid employees (other than those included on line 1—see page 23 of the 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 ▶

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 page 23 of the 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 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the 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 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 page 24 of the 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	50,913,471
b	Average of monthly cash balances	1b	1,259,247
c	Fair market value of all other assets (see page 24 of the instructions)	1c	0
d	**Total** (add lines 1a, b, and c)	1d	52,172,718
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	52,172,718
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	782,591
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	51,390,127
6	**Minimum investment return.** Enter 5% of line 5	6	2,569,506

Part XI Distributable Amount (see page 25 of the 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	2,569,506
2a	Tax on investment income for 2009 from Part VI, line 5 — 2a: 51,396		
b	Income tax for 2009. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	51,396
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2,518,110
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	2,518,110
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	2,518,110

Part XII Qualifying Distributions (see page 25 of the 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	4,083,303
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	4,083,303
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 page 26 of the instructions)	5	51,396
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	4,031,907

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 page 26 of the instructions)

			(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1	Distributable amount for 2009 from Part XI, line 7					2,518,110
2	Undistributed income, if any, as of the end of 2009:					
a	Enter amount for 2008 only				379,546	
b	Total for prior years: 20___ , 20___ , 20___					
3	Excess distributions carryover, if any, to 2009:					
a	From 2004					
b	From 2005					
c	From 2006					
d	From 2007					
e	From 2008	379,546				
f	**Total** of lines 3a through e		379,546			
4	Qualifying distributions for 2009 from Part XII, line 4: ▶ $ 4,083,303					
a	Applied to 2008, but not more than line 2a				379,546	
b	Applied to undistributed income of prior years (Election required—see page 26 of the instructions)					
c	Treated as distributions out of corpus (Election required—see page 26 of the instructions)					
d	Applied to 2009 distributable amount					2,518,110
e	Remaining amount distributed out of corpus		1,185,647			
5	Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)					
6	**Enter the net total of each column as indicated below:**					
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5		1,565,193			
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 page 27 of the instructions					
e	Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions					
f	Undistributed income for 2009. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2010					0
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)					
8	Excess distributions carryover from 2004 not applied on line 5 or line 7 (see page 27 of the instructions)					
9	**Excess distributions carryover to 2010.** Subtract lines 7 and 8 from line 6a		1,565,193			
10	Analysis of line 9:					
a	Excess from 2005					
b	Excess from 2006					
c	Excess from 2007					
d	Excess from 2008	379,546				
e	Excess from 2009	1,185,647				

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Part XIV Private Operating Foundations (see page 27 of the 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 2009, 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			
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	(e) Total
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test—enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year—see page 28 of the 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 page 28 of the 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:

Patricia Stilley 713-237-1117
815 Walker, Suite 1543 Houston TX 77002

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

See Statement 13

c Any submission deadlines:

Any time prior to March 1 of each year.

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

See Statement 14

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 15				3,920,000
Total ▶ 3a				3,920,000
b Approved for future payment				
N/A				
Total ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income (See page 28 of the instructions.)
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					99
4 Dividends and interest from securities					1,292,998
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					3,898,540
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue: a					
b Salient Absolute Return TEI					9,133
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0		0	5,200,770

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 5,200,770

(See worksheet in line 13 instructions on page 28 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 page 29 of the instructions.)
N/A	

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

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

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

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

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

b If "Yes," complete the following schedule.

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

Sign Here

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

Signature of officer or trustee | Date | Title: Executive Director

Paid Preparer's Use Only

Preparer's signature: Daniel P. McGuire	Date: 06/21/10	Check if self-employed ☐	Preparer's identifying number (see Signature on page 30 of the instructions): P00064895
Firm's name (or yours if self-employed), address, and ZIP code: Daniel P. McGuire, P.C. 1001 S. Dairy Ashford, Suite 390 Houston, TX 77077-2333		EIN 76-0239059	Phone no. 281-493-1900

DAA

Form **2220**

Department of the Treasury
Internal Revenue Service

Underpayment of Estimated Tax by Corporations

▶ **See separate instructions.**
▶ **Attach to the corporation's tax return.**

OMB No. 1545-0142

2009

Name: Sterling-Turner Foundation

Employer identification number: 74-1460482

Note: Generally, the corporation is not required to file Form 2220 (see Part II below for exceptions) because the IRS will figure any penalty owed and bill the corporation. However, the corporation may still use Form 2220 to figure the penalty. If so, enter the amount from page 2, line 38 on the estimated tax penalty line of the corporation's income tax return, but **do not** attach Form 2220.

Part I Required Annual Payment

1	Total tax (see instructions)		1	51,396
2a	Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	2a		
b	Look-back interest included on line 1 under section 460(b)(2) for completed long-term contracts or section 167(g) for depreciation under the income forecast method	2b		
c	Credit for federal tax paid on fuels (see instructions)	2c		
d	**Total.** Add lines 2a through 2c		2d	
3	Subtract line 2d from line 1. If the result is less than $500, **do not** complete or file this form. The corporation does not owe the penalty		3	51,396
4	Enter the tax shown on the corporation's 2008 income tax return (see instructions). Caution: If the tax is zero or the tax year was for less than 12 months, skip this line and enter the amount from line 3 on line 5		4	48,918
5	**Required annual payment.** Enter the **smaller** of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3		5	48,918

Part II Reasons for Filing—Check the boxes below that apply. If any boxes are checked, the corporation must file Form 2220 even if it does not owe a penalty (see instructions).

6 ☐ The corporation is using the adjusted seasonal installment method.

7 ☐ The corporation is using the annualized income installment method.

8 ☐ The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part III Figuring the Underpayment

			(a)	(b)	(c)	(d)
9	Installment due dates. Enter in column (a) through (d) the 15th day of the 4th (Form 990-PF filers: Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	9	05/15/09	06/15/09	09/15/09	12/15/09
10	Required installments. If the box on line 6 and/or line 7 above is checked, enter the amounts from Schedule A, line 38. If the box on line 8 (but not 6 or 7) is checked, see instructions for the amounts to enter. If none of these boxes are checked, enter 25% of line 5 above in each column	10	12,230	12,230	12,230	12,228
11	Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	11		24,459	12,230	12,230
	Complete lines 12 through 18 of one column before going to the next column.					
12	Enter amount, if any, from line 18 of the preceding column	12				
13	Add lines 11 and 12	13		24,459	12,230	12,230
14	Add amounts on lines 16 and 17 of the preceding column	14		12,230	1	1
15	Subtract line 14 from line 13. If zero or less, enter -0-	15	0	12,229	12,229	12,229
16	If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		0	0	
17	Underpayment. If ln. 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18	17	12,230	1	1	0
18	Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	18				

Go to Part IV on page 2 to figure the penalty. Do not go to Part IV if there are no entries on line 17—no penalty is owed.

Part IV Figuring the Penalty

		(a)	(b)	(c)	(d)
19 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). **(Form 990-PF and Form 990-T filers:** Use 5th month instead of 3rd month.)	19	See Worksheet			
20 Number of days from due date of installment on line 9 to the date shown on line 19	20				
21 Number of days on line 20 after 4/15/2009 and before 7/1/2009	21				
22 Underpayment on line 17 x Number of days on line 21 / 365 x 4%	22	$	$	$	$
23 Number of days on line 20 after 6/30/2009 & before 10/1/2009	23				
24 Underpayment on line 17 x Number of days on line 23 / 365 x 4%	24	$	$	$	$
25 Number of days on line 20 after 9/30/2009 and before 1/1/2010	25				
26 Underpayment on line 17 x Number of days on line 25 / 365 x 4%	26	$	$	$	$
27 Number of days on line 20 after 12/31/2009 & before 4/1/2010	27				
28 Underpayment on line 17 x Number of days on line 27 / 365 x 4%	28	$	$	$	$
29 Number of days on line 20 after 3/31/2010 and before 7/1/2010	29				
30 Underpayment on line 17 x Number of days on line 29 / 365 x *%	30	$	$	$	$
31 Number of days on line 20 after 6/30/2010 and before 10/1/2010	31				
32 Underpayment on line 17 x Number of days on line 31 / 365 x *%	32	$	$	$	$
33 Number of days on line 20 after 9/30/2010 and before 1/1/2011	33				
34 Underpayment on line 17 x Number of days on line 33 / 365 x *%	34	$	$	$	$
35 Number of days on line 20 after 12/31/2010 & before 2/16/2011	35				
36 Underpayment on line 17 x Number of days on line 35 / 365 x *%	36	$	$	$	$
37 Add lines 22, 24, 26, 28, 30, 32, 34, and 36	37	$	$	$	$

38 Penalty. Add columns (a) through (d) of line 37. Enter the total here and on Form 1120, line 33; or the comparable line for other income tax returns . . . 38 $ 57

*Use the penalty interest rate for each calendar quarter, which the IRS will determine during the first month in the preceding quarter. These rates are published quarterly in an IRS News Release and in a revenue ruling in the Internal Revenue Bulletin. To obtain this information on the Internet, access the IRS website at **www.irs.gov.** You can also call 1-800-829-4933 to get interest rate information.

DAA

Form 2220	Form 2220 Worksheet	2009
	For calendar year 2009, or tax year beginning , and ending	

Name	Employer Identification Number
Sterling-Turner Foundation	74-1460482

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Due date of estimated payment	05/15/09	06/15/09	09/15/09	12/15/09
Amount of underpayment	12,230	1	1	
Prior year overpayment applied				

	1st Payment	2nd Payment	3rd Payment	4th Payment	5th Payment
Date of payment		06/11/09	09/15/09	12/31/09	
Amount of payment		24,459	12,230	12,230	

Qtr	From	To	Underpayment	#Days	Rate	Penalty
1	5/15/09	6/11/09	12,230	27	4.00	36
2	6/15/09	9/15/09	1	92	4.00	0
3	9/15/09	12/31/09	1	107	4.00	0
4	12/15/09	12/31/09	12,228	16	4.00	21
	Total Penalty					57

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization

(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No. 1545-0172

2009

Attachment Sequence No. **67**

Name(s) shown on return: Sterling-Turner Foundation

Identifying number: 74-1460482

Business or activity to which this form relates: Indirect Depreciation

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	250,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 ▶	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instr.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	1,709

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	1,133
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶		

Section B—Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only–see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property			27.5 yrs.	MM	S/L	
			27.5 yrs.	MM	S/L	
i Nonresidential real property			39 yrs.	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

(a) Classification of property	(b)	(c)	(d)	(e)	(f)	(g)
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year			40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instructions	22	2,842
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

There are no amounts for Page 2

Form **926** (Rev. December 2008)

Department of the Treasury Internal Revenue Service

Return by a U.S. Transferor of Property to a Foreign Corporation

▶ **Attach to your income tax return for the year of the transfer or distribution.**

OMB No. 1545-0026

Attachment Sequence No. **128**

Part I U.S. Transferor Information (see instructions)

Name of transferor: Sterling-Turner Foundation

Identifying number (see instructions): 74-1460482

1 If the transferor was a corporation, complete questions 1a through 1d.

a If the transfer was a section 361(a) or (b) transfer, was the transferor controlled (under section 368(c)) by 5 or fewer domestic corporations? ☐ Yes ☐ No

b Did the transferor remain in existence after the transfer? ☐ Yes ☐ No

If not, list the controlling shareholder(s) and their identifying number(s):

Controlling shareholder	Identifying number

c If the transferor was a member of an affiliated group filing a consolidated return, was it the parent corporation? ☐ Yes ☐ No

If not, list the name and employer identification number (EIN) of the parent corporation:

Name of parent corporation	EIN of parent corporation

d Have basis adjustments under section 367(a)(5) been made? ☐ Yes ☐ No

2 If the transferor was a partner in a partnership that was the actual transferor (but is not treated as such under section 367), complete questions 2a through 2d.

a List the name and EIN of the transferor's partnership:

Name of partnership	EIN of partnership

b Did the partner pick up its pro rata share of gain on the transfer of partnership assets? ☐ Yes ☐ No

c Is the partner disposing of its **entire** interest in the partnership? ☐ Yes ☐ No

d Is the partner disposing of an interest in a limited partnership that is regularly traded on an established securities market? ☐ Yes ☐ No

Part II Transferee Foreign Corporation Information (see instructions)

3 Name of transferee (foreign corporation): SARF TEI LP M&C Corporate Svcs Ltd

4 **Identifying number,** if any: 88-0017312

5 Address (including country):
PO Box 008 GT, Ugland House South Church Street
GeorgeTown Grand Cayman CJ Cayman Islands

6 Country code of country of incorporation or organization (see instructions): CJ

7 Foreign law characterization (see instructions): Corporation

8 Is the transferee foreign corporation a controlled foreign corporation? ☒ Yes ☐ No

For Paperwork Reduction Act Notice, see separate instructions.

Part III Information Regarding Transfer of Property (see instructions)

Type of property	(a) Date of transfer	(b) Description of property	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Gain recognized on transfer
Cash	04/30/09		1,000,000		
Stock and securities					
Installment obligations, account receivables or similar property					
Foreign currency or other property denominated in foreign currency					
Inventory					
Assets subject to depreciation recapture (see Temp. Regs. sec. 1.367(a)-4T(b))					
Tangible property used in trade or business not listed under another category					
Intangible property					
Property to be leased (as described in Temp. Regs. sec. 1.367(a)-4T(c))					
Property to be sold (as described in Temp. Regs. sec. 1.367(a)-4T(d))					
Transfers of oil and gas working interests (as described in Temp. Regs. sec. 1.367(a)-4T(e))					
Other property					

Supplemental Information Required To Be Reported (see instructions):

Part IV Additional Information Regarding Transfer of Property (see instructions)

9 Enter the transferor's interest in the foreign transferee corporation before and after the transfer:

(a) Before ____________% (b) After 6.161 %

10 Type of nonrecognition transaction (see instructions) ▶ IRC Section 351

11 Indicate whether any transfer reported in Part III is subject to any of the following:

		Yes	No
a	Gain recognition under section 904(f)(3)	☐	☒
b	Gain recognition under section 904(f)(5)(F)	☐	☒
c	Recapture under section 1503(d)	☐	☒
d	Exchange gain under section 987	☐	☒

12 Did this transfer result from a change in the classification of the transferee to that of a foreign corporation? ☐ Yes ☒ No

13 Indicate whether the transferor was required to recognize income under Temporary Regulations sections 1.367(a)-4T through 1.367(a)-6T for any of the following:

		Yes	No
a	Tainted property	☐	☒
b	Depreciation recapture	☐	☒
c	Branch loss recapture	☐	☒
d	Any other income recognition provision contained in the above-referenced regulations	☐	☒

14 Did the transferor transfer assets which qualify for the trade or business exception under section 367(a)(3)? ☐ Yes ☒ No

15a Did the transferor transfer foreign goodwill or going concern value as defined in Temporary Regulations section 1.367(a)-1T(d)(5)(iii)? ☐ Yes ☒ No

b If the answer to line 15a is "Yes," enter the amount of foreign goodwill or going concern value transferred ▶ $____________

16 Was cash the only property transferred? ☒ Yes ☐ No

17a Was intangible property (within the meaning of section 936(h)(3)(B)) transferred as a result of the transaction? ☐ Yes ☒ No

b If "Yes," describe the nature of the rights to the intangible property that was transferred as a result of the transaction:

Capital Gains and Losses for Tax on Investment Income

Form **990-PF** **2009**

For calendar year 2009, or tax year beginning , and ending

Name: Sterling-Turner Foundation

Employer Identification Number: 74-1460482

	(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)	1458.3333 sh HSBC Holdings	P	01/11/06	04/21/09
(2)	10000 sh Microsoft	P	03/31/04	04/27/09
(3)	7000 sh Wyeth	P	03/01/04	04/27/09
(4)	30000 sh General Electric	P	10/13/95	04/27/09
(5)	10000 sh Freeport-McMoran Copper	P	10/07/08	08/19/09
(6)	45000 sh Exxon Mobil	P	11/30/60	12/04/09
(7)	Salient Absolute Return TEI			
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

	(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)
(1)	20,840			20,840
(2)	205,895		262,214	-56,319
(3)	297,528		50,394	247,134
(4)	367,107		50,785	316,322
(5)	619,082		476,523	142,559
(6)	3,360,995		133,273	3,227,722
(7)	282			282
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

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

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) **or** Losses (from col. (h))
(1)				20,840
(2)				-56,319
(3)				247,134
(4)				316,322
(5)				142,559
(6)				3,227,722
(7)				282
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

Forms **990 / 990-PF**

Other Notes and Loans Receivable

2009

For calendar year 2009, or tax year beginning , and ending

Name: Sterling-Turner Foundation

Employer Identification Number: 74-1460482

Form 990-PF, Part II, Line 7 - Additional Information

	Name of borrower	Relationship to disqualified person
(1)	Deposits	
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

	Security provided by borrower	Purpose of loan
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)		3,605	3,605	3,605
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
Totals		3,605	3,605	3,605

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Salient Absolute Return TEI	$ 9,133	$	$
Total	$ 9,133	$ 0	$ 0

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

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Accounting Fees	$ 63,235	$ 15,809	$	$ 47,426
Total	$ 63,235	$ 15,809	$ 0	$ 47,426

Statement 3 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Investment Advisory Fees	$ 29,958	$ 29,958	$	$
Total	$ 29,958	$ 29,958	$ 0	$ 0

Statement 4 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Taxes - Federal Excise	$ 48,918	$	$	$
Total	$ 48,918	$ 0	$ 0	$ 0

Statement 5 - Form 990-PF, Part I, Line 19 - Depreciation

Description							
Date Acquired	Cost Basis	Prior Year Depreciation	Method	Life	Current Year Depreciation	Net Investment Income	Adjusted Net Income
Furniture & Equipment							
1/01/99	$ 9,727	$ 9,727	S/L	5	$	$	$
Furniture & Equipment							
6/15/01	1,495	1,495	S/L	7			
Furniture & Equipment							
1/15/02	35,325	35,325	S/L	7			
Computer Equipment							
2/05/02	856	856	S/L	5			
Furniture & Equipment							
2/05/02	19,871	19,634	S/L	7	237		
Computer Equipment							
9/09/02	5,346	5,346	S/L	5			
Office Furniture							
5/15/02	16,091	15,324	S/L	7	767		
Office Furniture							
6/18/02	3,919	3,639	S/L	7	280		
Office Furniture							
7/31/02	596	546	S/L	7	50		
Office Furniture							
8/29/02	1,250	1,131	S/L	7	119		
Computer Equipment							
10/18/02	2,100	2,100	S/L	5			
Computer Equipment							
12/13/02	1,081	1,081	S/L	5			
Computer Equipment							
6/15/01	1,035	1,035	S/L	5			
Telephone Installation							
3/01/02	3,285	3,285	S/L	5			
Filing Cabinets							
1/28/02	2,625	2,594	S/L	7	31		
Cabling & Wiring							
2/11/02	2,159	2,159	S/L	5			
3 pcs software/printer memory upgrade							
8/26/02	8,257	8,257	S/L	5			
Console Table & Rug							
9/20/02	1,577	1,408	S/L	7	169		
Sony 19" Flat Screen Monitor							
3/02/04	1,034	1,000	S/L	5	34		

Statement 5 - Form 990-PF, Part I, Line 19 - Depreciation (continued)

Description / Date Acquired	Cost Basis	Prior Year Depreciation	Method	Life	Current Year Depreciation	Net Investment Income	Adjusted Net Income
19" Samsung Monitor							
5/28/04	$ 269	$ 247	S/L	5	$ 22	$	$
Computer Equipment - Server							
12/28/06	5,490	3,612	200DB	5	751		
2 Desktops Computers & Equipment							
12/28/06	2,795	1,839	200DB	5	382		
Total	$ 126,183	$ 121,640			$ 2,842	$ 0	$ 0

Statement 6 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
	$	$	$	$
Expenses				
Director Insurance	1,913	956		956
Miscellaneous	140	70		70
Office Maintenance	2,533	1,267		1,267
Office Supplies	860	430		430
Parking	1,372	686		686
Postage	375	188		188
Telephone	2,325	1,162		1,162
Workers' Comp Insurance	1,940	970		970
Library & Documentation	996	498		498
Entertainment & Meals	66	33		33
Total	$ 12,520	$ 6,260	$ 0	$ 6,260

Statement 7 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Investment in Common & Preferred Stk	$ 4,955,926	$ 4,161,487		$ 47,433,206
Total	$ 4,955,926	$ 4,161,487		$ 47,433,206

Statement 8 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Investments - Salient Other	$	$ 1,008,877		$ 1,102,251
Total	$ 0	$ 1,008,877		$ 1,102,251

Statement 9 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
Land/Building/Equipment	$ 4,543	$ 126,183	$ 124,482	$
Total	$ 4,543	$ 126,183	$ 124,482	$ 0

Statement 10 - Form 990-PF, Part II, Line 15 - Other Assets

Description	Beginning of Year	End of Year	Fair Market Value
Due to/from related parties	$ 7,173	$ 24,087	$
Total	$ 7,173	$ 24,087	$ 0

Statement 11 - Form 990-PF, Part III, Line 5 - Other Decreases

Description	Amount
Nondeductible Meals & Entertainment	$ 67
Nondeductilbe Partnership Expenses	538
Total	$ 605

Statement 12 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees, Etc.

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
T.R. Reckling, III 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
Isla C. Reckling 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
Chaille W. Hawkins 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
Christiana R. McConn 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
Thomas R. Reckling, IV 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
James S. Reckling 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
Blake W. Winston 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	100	0	0
Stephen M. Reckling 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
John B. Reckling 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	200	0	0
Thomas K. Reckling 815 Walker, Suite 1543	Trustee	0.00	100	0	0

Statement 12 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees, Etc. (continued)

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
Houston TX 77002-5724					
L. David Winston 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	100	0	0
Bert F. Winston, III 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	100	0	0
Isla C. McConn 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	100	0	0
E. Carroll Schuler 815 Walker, Suite 1543 Houston TX 77002-5724	Trustee	0.00	100	0	0

Statement 13 - Form 990-PF, Part XV, Line 2b - Application Format and Required Contents

Description
Application forms and instructions on the Sterling Turner website. Documentation must be accompanied by copy of IRS 501 (c) (3) exemption letter.

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

Description
Any time prior to March 1 of each year.

Statement 14 - Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description
Awards limited to Texas Public Charities which are exempt under Revenue Code 501 (c) (3). The charities must be within certain geographic boundaries.

Statement 15 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

Name / Address	Address / Relationship	Status	Purpose	Amount
Alley Theater Houston TX 77002	615 Texas Ave. N/A	501.C.3	Operating Funds	30,000
American Heritage Edu. Houston TX 77027-6035	3501 W. Alabama, Ste 200 N/A	501.C.3	Operating Funds	15,000
Angela House Houston TX 77037	425 Shane # 18 N/A	501.C.3	Operating Funds	100,000
Barbara Bush Texas Fund Washington DC 20005	1201 15th Street NW, Suit N/A	501.C.3	Operating Funds	15,000
Baylor College of Medicin Houston TX 77030	One Baylor Plaza N/A	501.C.3	Operating Funds	60,000
Bo's Place Houston TX 77054	10050 Buffalo Speedway N/A	501.C.3	Operating Funds	2,500
Boy's and Girls Country Hockley TX 77447-9327	18806 Roberts Rd N/A	501.C.3	Operating Funds	50,000
Bridges To Life Houston TX 77055	9426 Old Katy Rd N/A	501.C.3	Operating Funds	15,000
Buffalo Bayou Partnership Houston TX 77002	1113 Vine Street, Suite 2 N/A	501.C.3	Operating Funds	35,000
Camp for All Houston TX 77092	10500 N Freeway, # 220 N/A	501.C.3	Operating Funds	10,000
CanCare of Houston, Inc. Houston TX 77024	9575 Katy Freeway, Ste 42 N/A	501.C.3	Operating Funds	20,000
Caritas of Austin Austin TX 78701	611 Neches N/A	501.C.3	Operating Funds	25,000
Casa de Esperanza Houston TX 77054	2911 Corder St. N/A	501.C.3	Operating Funds	30,000
Center for Hearing/Speech Houston TX 77019	3636 W Dallas N/A	501.C.3	Operating Funds	55,000
Child Advocates, Inc. Houston TX 77098	2401 Portsmouth Street, S N/A	501.C.3	Operating Funds	10,000
Christ Episcopal Church Laredo TX 78043	2320 Lane N/A	501.C.3	Operating Funds	100,000
Communities of the Street Houston TX 77004	3401 Fannin Street N/A	501.C.3	Operating Funds	20,000
Contemporary Arts Museum Houston TX 77006	5216 Montrose Blvd. N/A	501.C.3	Operating Funds	5,000
Dabney Foundation Houston TX 77024	12335 Kingsride, # 347 N/A	501.C.3	Building Funds	25,000

Statement 15 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
DePelchin Center Houston TX 77007	4950 Memorial Dr N/A	501.C.3	Operating Funds	15,000
Divide Volunteer Fire Dep Mt. Home TX 78058	PO BOX 259 N/A	501.C.3	Operating Funds	10,000
Duchesne Academy Houston TX 77024	10202 Memorial Drive N/A	501.C.3	Operating Funds	100,000
Episcopal High School Bellaire TX 77401	4650 Bissonnet N/A	501.C.3	Operating Funds	100,000
Fort Bend Seniors Meals Rosenberg TX 77471	1330 Band Road N/A	501.C.3	Operating Funds	50,000
Harris County Hospital Houston TX 77054	2525 Holly Hall Drive N/A	501.C.3	Operating Funds	100,000
Hill Country Arts Fdtn Ingram TX 78025	120 Point Theatre Rd. Sou N/A	501.C.3	Operating Funds	27,000
Hill Country CASA Kerrville TX 78029	P.O. Box 290965 N/A	501.C.3	Operating Funds	25,000
Hill Country Distict Jr. Kerrville TX 78028	3655 Highway 27 N/A	501.C.3	Operating Funds	10,000
Hill Country Youth Ranch Ingram TX 78025	3522 Junction Highway N/A	501.C.3	Operating Funds	47,500
Houston Arboretum Houston TX 77024	4501 Woodway N/A	501.C.3	Operating Funds	10,000
Houston Ballet Houston TX 77219	P.O. Box 130487 N/A	501.C.3	Operating Funds	130,000
Houston Food Bank Houston TX 77026	3811 Eastex Fwy N/A	501.C.3	Operating Funds	75,000
Houston Grand Opera Houston TX 77002-1594	510 Preston St., Ste 50 N/A	501.C.3	Operating Funds	30,000
Houston Habitat for Human Houston TX 77029	3750 N. McCarty N/A	501.C.3	Operating Funds	55,000
Houston-Harris Co. Immuni Cypress TX 77429	13831 Carrington Lane N/A	501.C.3	Operating Funds	25,000
Houston Hospice and Palli Houston TX 77030	1905 Holcombe Blvd N/A	501.C.3	Operating Funds	25,000
Houston Hope Houston TX 77012	2220 Broadway N/A	501.C.3	Operating Funds	50,000
Houston Museum of Natural Houston TX 77030	One Hermann Circle Dr N/A	501.C.3	Operating Funds	30,000

Statement 15 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Houston PBS Houston TX 77004	4343 Elgin N/A	501.C.3	Operating Funds	8,000
Houston Symphony Society Houston TX 77002	615 Louisiana N/A	501.C.3	Operating Funds	30,000
Hunt Volunteer Fire Depar Hunt TX 78024	PO Box 362 N/A	501.C.3	Operating Funds	25,000
Fr/Fac of Ingram Tom Moor Ingram TX 78025	510 College St N/A	501.C.3	Operating Funds	5,000
Inprint, Inc. Houston TX 77006	1520 W Main N/A	501.C.3	Operating Funds	10,000
K'STAR, Inc. Kerrville TX 78028	1117 East Jefferson Stree N/A	501.C.3	Operating Funds	20,000
Kappa Kappa Gamma Foundat Houston TX 77256	PO Box 56124 N/A	501.C.3	Operating Funds	10,000
Kids' Meals, Inc. Houston TX 77018	205 West Crosstimbers Str N/A	501.C.3	Operating Funds	35,000
Kim and Don Richards Fami Houston TX 77057	5773 Woodway Drive N/A	501.C.3	Operating Funds	25,000
Lamar Consolidated ISD Rosenberg TX 77471	3911 Ave I N/A	501.C.3	Operating Funds	10,000
Magnificat House, Inc. Houston TX 77004	3300 Caroline Street N/A	501.C.3	Building Funds	100,000
Memorial Hermann Foundati Houston TX 77074	9401 Southwest Freeway, S N/A	501.C.3	Operating Funds	220,000
Memorial Park Conservancy Houston TX 77098	3015 Richmond Ave, Ste 25 N/A	501.C.3	Operating Funds	25,000
The Menil Foundation Inc. Houston TX 77006	1515 Sul Ross N/A	501.C.3	Operating Funds	50,000
Mountain Home VFD Mt. Home TX 78058	PO BOX 191 N/A	501.C.3	Operating Funds	35,000
The Museum of Fine Arts, Houston TX 77005	1001 Bissonet N/A	501.C.3	Operating Funds	130,000
MVP Outreach Foundation Houston TX 77063	7500 San Felipe, Suite 60 N/A	501.C.3	Operating Funds	10,000
Notre Dame Catholic Churc Kerrville TX 78025	909 Main Street N/A	501.C.3	Operating Funds	10,000
Open Door Mission Houston TX 77011	5803 Harrisburg N/A	501.C.3	Operating Funds	100,000

Statement 15 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
The Periwinkle Foundation Houston TX 77098	3000 Richmond Ave, Suite N/A	501.C.3	Operating Funds	2,500
Partners in Ministry Kerrville TX 78028	301 Junction Hwy # 341 N/A	501.C.3	Youth Program	27,500
Pathways for Little Feet Houston TX 77046	8 Greenway Plaza, # 1000 N/A	501.C.3	Operating Funds	45,000
Pathways Youth & Family Mt. Home TX 78058	110 3-H Youth Ranch Circl N/A	501.C.3	Operating Funds	65,000
The Rose Houston TX 77034	12700 N. Featherwood #260 N/A	501.C.3	Operating Funds	70,000
The Salvation Army of Hou Houston TX 77002	1500 Austin Street N/A	501.C.3	Operating Funds	50,000
The Salvation Army of Ker Kerrville TX 78028	500 Jefferson Street N/A	501.C.3	Operating Funds	50,000
San Angelo Museum of Fine San Angelo TX 76903	One Love Street N/A	501.C.3	Operating Funds	60,000
San Jose Clinic Houston TX 77002	301 Hamilton N/A	501.C.3	Operating Funds	25,000
Schreiner University Kerrville TX 78028-5697	2100 Memorial Blvd. N/A	501.C.3	Operating Funds	30,000
Seton Fund of Daughters Austin TX 78705	1206 W. 38th St. N/A	501.C.3	Operating Funds	75,000
St. Edward's University Austin TX 78704	3001 S. Congress Ave N/A	501.C.3	Operating Funds	25,000
St. Luke's Methodist Chur Houston TX 77027	3471 Westheimer N/A	501.C.3	Operating Funds	100,000
St. Michael's Catholic Ch Houston TX 78735	3000 Barton Creek Blvd. N/A	501.C.3	Building Funds	100,000
St. Thomas High School Houston TX 77007	4500 Memorial Dr. N/A	501.C.3	Operating Funds	250,000
Star of Hope Houston TX 77054	6897 Ardmore Street N/A	501.C.3	Operating Funds	100,000
Sunshine Kids Foundation Houston TX 77098	2814 Virginia Street N/A	501.C.3	Operating Funds	20,000
Taping For The Blind, Inc Houston TX 77027	3935 Essex Lane N/A	501.C.3	Operating Funds	15,000
Trees for Houston Houston TX 77027	4550 Post Oak Place Drive N/A	501.C.3	Operating Funds	10,000

Statement 15 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
United Cerebral Palsy of Houston TX 77401	4500 Bissonet, Suite 340 N/A	501.C.3	Operating Funds	10,000
University of Texas MD An Houston TX 77030	6900 Fannin Street N/A	501.C.3	Operating Funds	110,000
Way Station @ Palmer Memo Hockley TX 77030	6221 Main Street N/A	501.C.3	Operating Funds	60,000
Wellsprings Village, Inc. Houston TX 77045	5031 Allum Road N/A	501.C.3	Operating Funds	10,000
The Women's Home Houston TX 77006	607 Westheimer N/A	501.C.3	Operating Funds	100,000
YMCA of Greater Houston Houston TX 77057	1331 Augusta Dr. N/A	501.C.3	Scholarship	15,000
Zoo Friends of Houston Houston TX 77030	6200 Hermann Park Drive N/A	501.C.3	Operating Funds	100,000
Total				3,920,000