

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

2010

Department of the Treasury
Internal Revenue Service

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

For calendar year 2010, 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

Name of foundation Sterling-Turner Foundation		A Employer identification number 74-1460482
Number and street (or P.O. box number if mail is not delivered to street address) 815 Walker		B Telephone number (see page 10 of the instructions) 713-237-1117
Room/suite 1543		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
City or town, state, and ZIP code Houston TX 77002		
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		
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 219,747	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)	
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <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 page 11 of the 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	31	31		
	4 Dividends and interest from securities	1,362,559	1,362,559		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10 Stmt 1	-80,509			
	b Gross sales price for all assets on line 6a 165,753				
	7 Capital gain net income (from Part IV, line 2)		14,055		
	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 2	-13,184				
12 Total. Add lines 1 through 11	1,268,897	1,376,645	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc.	1,100			1,100
	14 Other employee salaries and wages	67,250			67,250
	15 Pension plans, employee benefits	22,890			22,890
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule) Stmt 3	29,233	7,308		21,925
	c Other professional fees (attach schedule) Stmt 4	35,045	35,045		
	17 Interest				
	18 Taxes (attach schedule) (see page 14 of the instructions) Stmt 5	51,396			
	19 Depreciation (attach schedule) and depletion Stmt 6	907			
	20 Occupancy	30,824			30,824
	21 Travel, conferences, and meetings	2,037			2,037
	22 Printing and publications				
	23 Other expenses (att. sch.) Stmt 7	14,902	7,447		7,448
	24 Total operating and administrative expenses. Add lines 13 through 23	255,584	49,800	0	153,474
	25 Contributions, gifts, grants paid	1,855,000			1,855,000
26 Total expenses and disbursements. Add lines 24 and 25	2,110,584	49,800	0	2,008,474	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-841,687				
b Net investment income (if negative, enter -0-)		1,326,845			
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	End of year	
	(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets			
1 Cash—non-interest-bearing	1,032,057	164,738	164,738
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 15 of the instructions)			
7 Other notes and loans receivable (att. schedule) ▶ See Wrk 3,605 Less: allowance for doubtful accounts ▶ 0	3,605	3,605	3,605
8 Inventories for sale or use			
9 Prepaid expenses and deferred charges	48,919	51,404	51,404
10a Investments—U.S. and state government obligations (attach schedule)			
b Investments—corporate stock (attach schedule) See Stmt 8	4,161,487	4,090,228	
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 9	1,008,877	1,116,524	
14 Land, buildings, and equipment: basis ▶ 126,183 Less: accumulated depreciation (attach sch.) ▶ Stmt 10 125,389	1,701	794	
15 Other assets (describe ▶ See Statement 11)	24,087	7,137	
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	6,280,733	5,434,430	219,747
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 ▶ <input type="checkbox"/> 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 ▶ <input checked="" type="checkbox"/> and complete lines 27 through 31.			
27 Capital stock, trust principal, or current funds	5,267,658	6,276,478	
28 Paid-in or capital surplus, or land, bldg., and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds	1,013,075	-842,048	
30 Total net assets or fund balances (see page 17 of the instructions)	6,280,733	5,434,430	
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	6,280,733	5,434,430	

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	6,280,733
2 Enter amount from Part I, line 27a	2	-841,687
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	5,439,046
5 Decreases not included in line 2 (itemize) ▶ See Statement 12	5	4,616
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	5,434,430

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	Salient Absolute Return TEI			
b	Salient Absolute Return Fund			
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	14,172		14,172	
b	-117		-117	
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a			14,172	
b			-117	
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	14,055
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	

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))
2009	4,031,907	51,390,127	0.078457
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
2	Total of line 1, column (d)		0.278495
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		0.055699
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5		45,253,848
5	Multiply line 4 by line 3		2,520,594
6	Enter 1% of net investment income (1% of Part I, line 27b)		13,268
7	Add lines 5 and 6		2,533,862
8	Enter qualifying distributions from Part XII, line 4 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.		2,008,474

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 <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 type="checkbox"/> and enter 1% of Part I, line 27b	1	26,537
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	26,537
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	26,537
6	Credits/Payments:		
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	51,404
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	51,404
8	Enter any penalty for underpayment of estimated tax. Check he <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	24,867
11	Enter the amount of line 10 to be: Credited to 2011 estimated tax 24,867 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?		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)? 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.		X
c Did the foundation file Form 1120-POL for this year?		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.		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		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year? N/A		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		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?	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	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	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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see 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? Website address ▶ www.sterlingturnerfoundation.org	13	X	
14	The books are in care of ▶ Patricia Stillely 815 Walker, Suite 1543 Located at ▶ Houston TX ZIP+4 ▶ 77002 Telephone no. ▶ 713-237-1117			
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			
16	At any time during calendar year 2010, 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 page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶	16	Yes	No 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 page 22 of the 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 2010?	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 22 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2010 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 2010.) 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 2010?	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** Yes No

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

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

b If Yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **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 13				

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 **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 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	45,037,466
b	Average of monthly cash balances	1b	905,527
c	Fair market value of all other assets (see page 25 of the instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	45,942,993
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	45,942,993
4	Cash deemed held for charitable activities. Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	689,145
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	45,253,848
6	Minimum investment return. Enter 5% of line 5	6	2,262,692

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	2,262,692
2a	Tax on investment income for 2010 from Part VI, line 5	2a	26,537
b	Income tax for 2010. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	26,537
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2,236,155
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	2,236,155
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	2,236,155

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	2,008,474
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	2,008,474
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,008,474

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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				2,236,155
2 Undistributed income, if any, as of the end of 2010:				
a Enter amount for 2009 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				379,546
e From 2009				1,185,647
f Total of lines 3a through e				1,565,193
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ \$ 2,008,474				
a Applied to 2009, but not more than line 2a				
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 2010 distributable amount				2,008,474
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2010 (If an amount appears in column (d), the same amount must be shown in column (a).)				
Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				1,337,512
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 2009. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f Undistributed income for 2010. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2011				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 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a				1,337,512
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				151,865
d Excess from 2009				1,185,647
e Excess from 2010				

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 2010, 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				(e) Total
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	
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 14

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 15

Part XV Supplementary Information (continued)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<p>a Paid during the year See Statement 16</p>				<p>1,855,000</p>
<p>Total</p>				<p>1,855,000</p>
<p>b Approved for future payment N/A</p>				
<p>Total</p>				

Form 990-PF Return Summary

For calendar year 2010, or tax year beginning _____, and ending _____

74-1460482

Sterling-Turner Foundation

Investment Income

Interest	31	
Dividends	1,362,559	
Gross rents		
Capital gain net income	14,055	
Other income		
Total investment income		1,376,645

Expenses

Officer compensation		
Salaries / employee benefits		
Other expenses	49,800	
Total expenses		49,800

Net investment income 1,326,845

Taxes / Credits

Regular tax	26,537	
Section 511 tax		
Subtitle A tax		
Total tax		26,537

Payments / Penalties / Application

Estimated tax payments	51,404	
Tax withheld		
Other payments		
Estimated tax penalty		
Overpayment applied to next year's tax	24,867	
Payments / penalty / application		26,537

Net tax due 0

Interest on late payments		
Failure to file penalty		
Failure to pay penalty		

Additions to tax

Balance due

Refund

Revenue / Expenses per Books Adjusted Net Income

Total contributions		
Interest	31	31
Dividends	1,362,559	1,362,559
Capital gains / losses	-80,509	
Income modifications		
Sale of inventory		
Other income	-13,184	-13,184
Total revenue	1,268,897	1,349,406
Total expenses	2,110,584	
Excess / ANI	-841,687	

Next Year's Estimates

1st quarter		
2nd quarter		
3rd quarter		
4th quarter	1,673	
Total	1,673	

Miscellaneous Information

Amended return _____
Return / extended due date 08/15/11

Balance Sheet

	Beginning	Ending	Differences
Assets	6,280,733	5,434,430	
Liabilities			
Net assets	6,280,733	5,434,430	-846,303

REQUEST FOR 45R CREDIT ONLY

Form **990-T**

Exempt Organization Business Income Tax Return
(and proxy tax under section 6033(e))

OMB No. 1545-0687

2010

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury
Internal Revenue Service

For calendar year 2010 or other tax year beginning , and
ending ▶ See separate instructions.

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section</p> <p><input checked="" type="checkbox"/> 501(C) (3)</p> <p><input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e)</p> <p><input type="checkbox"/> 408A <input type="checkbox"/> 530(a)</p> <p><input type="checkbox"/> 529(a)</p> <p>C Book value of all assets at end of year</p> <p>5,434,430</p>	<p>Print</p> <p>or</p> <p>Type</p>	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.)</p> <p>Sterling-Turner Foundation</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. 1543</p> <p>815 Walker</p> <p>City or town, state, and ZIP code</p> <p>Houston TX 77002</p>	<p>D Employer identification number (Employees' trust, see instructions.)</p> <p>74-1460482</p> <p>E Unrelated business activity codes (See instructions.)</p>
		<p>F Group exemption number (See instructions.) ▶</p>	<p>G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>

H Describe the organization's primary unrelated business activity.
▶

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ Yes No
If "Yes," enter the name and identifying number of the parent corporation.
▶

J The books are in care of ▶ **Patricia Stillely** Telephone number ▶ **713-237-1117**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales				
b Less returns and allowances	c Balance ▶	1c		
2 Cost of goods sold (Schedule A, line 7)		2		
3 Gross profit. Subtract line 2 from line 1c		3		
4a Capital gain net income (attach Schedule D)		4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4b		
c Capital loss deduction for trusts		4c		
5 Income (loss) from partnerships and S corporations (attach statement)		5		
6 Rent income (Schedule C)		6		
7 Unrelated debt-financed income (Schedule E)		7		
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F)		8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		9		
10 Exploited exempt activity income (Schedule I)		10		
11 Advertising income (Schedule J)		11		
12 Other income (See instructions; attach schedule.)		12		
13 Total. Combine lines 3 through 12		13	0	0

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)				
15 Salaries and wages		15		
16 Repairs and maintenance		16		
17 Bad debts		17		
18 Interest (attach schedule)		18		
19 Taxes and licenses		19		
20 Charitable contributions (See instructions for limitation rules.)		20		
21 Depreciation (attach Form 4562)		21		
22 Less depreciation claimed on Schedule A and elsewhere on return		22a		22b 0
23 Depletion		23		
24 Contributions to deferred compensation plans		24		
25 Employee benefit programs		25		
26 Excess exempt expenses (Schedule I)		26		
27 Excess readership costs (Schedule J)		27		
28 Other deductions (attach schedule)		28		
29 Total deductions. Add lines 14 through 28		29		
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30		
31 Net operating loss deduction (limited to the amount on line 30)		31		
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30		32		
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)		33		1,000
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32		34		0

Part III Tax Computation

35 Organizations Taxable as Corporations. See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and:	
a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____	
b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____	
c Income tax on the amount on line 34	35c
36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	36
37 Proxy tax. See instructions	37
38 Alternative minimum tax	38
39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies	39

Part IV Tax and Payments

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a	
b Other credits (see instructions)	40b	
c General business credit. Attach Form 3800	40c	
d Credit for prior year minimum tax (attach Form 8801 or 8827)	40d	
e Total credits. Add lines 40a through 40d	40e	
41 Subtract line 40e from line 39	41	
42 Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other	42	
43 Total tax. Add lines 41 and 42	43	0
44a Payments: A 2009 overpayment credited to 2010	44a	
b 2010 estimated tax payments	44b	
c Tax deposited with Form 8868	44c	
d Foreign organizations: Tax paid or withheld at source (see instructions)	44d	
e Backup withholding (see instructions)	44e	
f Credit for small employer health insurance premiums (Attach Form 8941)	44f	874
g Other credits and payments: <input type="checkbox"/> Form 2439 _____ <input type="checkbox"/> Form 4136 _____ <input type="checkbox"/> Other _____ Total ▶	44g	
45 Total payments. Add lines 44a through 44g	45	874
46 Estimated tax penalty (see instructions). Check if Form 2220 is attached	46	
47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed	47	
48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48	874
49 Enter the amount of line 48 you want: Credited to 2011 estimated tax ▶ Refunded ▶	49	874

Part V Statements Regarding Certain Activities and Other Information (see instructions)

1 At any time during the 2010 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here ▶	Yes	No
2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file.		X
3 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$		

Schedule A – Cost of Goods Sold. Enter method of inventory valuation ▶

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	
3 Cost of labor	3		8 Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
4a Additional sec. 263A costs (attach sch.)	4a				
b Other costs (attach schedule)	4b				
5 Total. Add lines 1 through 4b	5				

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

Sign Here ▶ _____ Date _____ Title _____

Signature of officer _____ Date _____ Title _____

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

Paid Preparer Use Only

Print/Type preparer's name **Daniel P. McGuire** Date **08/15/11** Check if self-employed PTIN **P00064895**

Preparer's signature **Daniel P. McGuire**

Firm's name ▶ **Daniel P. McGuire, P.C.** Firm's EIN ▶ **76-0239059**

Firm's address ▶ **1001 S. Dairy Ashford, Suite 390 Houston, TX 77077-2333** Phone no **281-493-1900**

Schedule C – Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property

(1) N/A
(2)
(3)
(4)

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		

Total	Total	(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) ▶
--------------	--------------	--

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ▶

Schedule E – Unrelated Debt-Financed Income (see instructions)

1. Description of debt-financed property	2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
		(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1) N/A			
(2)			
(3)			
(4)			

4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		

Totals ▶	Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
-----------------	---	---

Total dividends-received deductions included in column 8 ▶

Schedule F – Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross inc.	6. Deductions directly connected with income in column 5
(1) N/A					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable Income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				

Totals ▶	Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
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Schedule G – Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col.4)
(1) N/A				
(2)				
(3)				
(4)				
Totals		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).

Schedule I – Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1) N/A						
(2)						
(3)						
(4)						
Totals		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.

Schedule J – Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1) N/A						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

(1) N/A						
(2)						
(3)						
(4)						
(5) Totals from Part I						
Totals, Part II (lines 1-5)		Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).			Enter here and on page 1, Part II, line 27.

Schedule K – Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1) N/A		%	
(2)		%	
(3)		%	
(4)		%	

Total. Enter here and on page 1, Part II, line 14

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

Name(s) shown on return

Identifying number

Sterling-Turner Foundation

74-1460482

1	Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions)	1	2
2	Enter the number of full-time equivalent employees you had for the tax year (see instructions). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12	2	2
3	Average annual wages you paid for the tax year (see instructions). If you entered \$50,000 or more, skip lines 4 through 11 and enter -0- on line 12	3	33,000
4	Premiums you paid during the tax year for employees included on line 1 for health insurance coverage under a qualifying arrangement (see instructions)	4	16,410
5	Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which you offered health insurance coverage (see instructions)	5	5,140
6	Enter the smaller of line 4 or line 5	6	5,140
7	Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 25% (.25) • All other small employers, multiply line 6 by 35% (.35)	7	1,285
8	If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions	8	1,285
9	If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions	9	874
10	Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4 (see instructions)	10	
11	Subtract line 10 from line 4. If zero or less, enter -0-	11	16,410
12	Enter the smaller of line 9 or line 11	12	874
13	If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1 for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (see instructions)	13	2
14	Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13	14	2
15	Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions)	15	
16	Add lines 12 and 15. Partnerships and S corporations, stop here and report this amount on Schedule K; all others, go to line 17	16	874
17	Credit for small employer health insurance premiums included on line 16 from passive activities (see instructions)	17	
18	Subtract line 17 from line 16	18	874
19	Credit for small employer health insurance premiums allowed for 2010 from a passive activity (see instructions)	19	
20	Carryback of the credit for small employer health insurance premiums from 2011	20	
21	Add lines 18 through 20. Cooperatives, estates, and trusts, go to line 22. Tax-exempt small employers, skip lines 22 and 23 and go to line 24. All others, stop here and report this amount on Form 3800, line 29h	21	874
22	Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)	22	
23	Cooperatives, estates, and trusts, subtract line 22 from line 21. Stop here and report this amount on Form 3800, line 29h	23	
24	Enter the amount you paid in 2010 for taxes considered payroll taxes for purposes of this credit (see instructions)	24	5,145
25	Tax-exempt small employers, enter the smaller of line 21 or line 24 here and on Form 990-T, line 44f	25	874

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No. 1545-0172

2010

Attachment
Sequence No. **67**

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

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 instructions)	1	500,000
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	2,000,000
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 2009 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 2011. 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 instructions)

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	

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 2010	17	907
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 2010 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 2010 Tax Year Using the Alternative Depreciation System

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	907
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	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4562** (2010)

DAA

There are no amounts for Page 2

For calendar year 2010, or tax year beginning , and ending

Name

Employer Identification Number

Sterling-Turner Foundation

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 6a - Sale of Assets

Description	Whom Sold	Date Acquired	Date Sold	How Received	Cost	Expense	Depreciation	Net Gain / Loss
				Sale Price				
2900 sh HSBC Holdings ADR		1/11/06	12/07/10	Purchase	\$ 151,698	\$ 246,262	\$	\$ -94,564
Total					\$ 151,698	\$ 246,262	\$ 0	\$ -94,564

Statement 2 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Salient Absolute Return TEI	\$ -5,214	\$	\$
Salient Absolute Return Fund	-7,970		
Total	\$ -13,184	\$ 0	\$ 0

Statement 3 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Accounting Fees	\$ 29,233	\$ 7,308	\$	\$ 21,925
Total	\$ 29,233	\$ 7,308	\$ 0	\$ 21,925

Statement 4 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Investment Advisory Fees	\$ 35,045	\$ 35,045	\$	\$
Total	\$ 35,045	\$ 35,045	\$ 0	\$ 0

Federal Statements

Statement 5 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Taxes - Federal Excise	\$ 51,396	\$	\$	\$
Total	<u>\$ 51,396</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Statement 6 - 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	19,871	S/L	7			
Computer Equipment	9/09/02	5,346	5,346	S/L	5			
Office Furniture	5/15/02	16,091	16,091	S/L	7			
Office Furniture	6/18/02	3,919	3,919	S/L	7			
Office Furniture	7/31/02	596	596	S/L	7			
Office Furniture	8/29/02	1,250	1,250	S/L	7			
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			

Statement 6 - 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	
Filing Cabinets								
1/28/02	\$ 2,625	\$ 2,625	S/L	7	\$	\$	\$	
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	1,577	S/L	7				
Sony 19" Flat Screen Monitor								
3/02/04	1,034	1,034	S/L	5				
19" Samsung Monitor								
5/28/04	269	269	S/L	5				
Computer Equipment - Server								
12/28/06	5,490	4,363	200DB	5	601			
2 Desktops Computers & Equipment								
12/28/06	2,795	2,221	200DB	5	306			
Total	\$ 126,183	\$ 124,482			\$ 907	\$ 0	\$ 0	

Federal Statements

Statement 7 - Form 990-PF, Part I, Line 23 - Other Expenses

<u>Description</u>	<u>Total</u>	<u>Net Investment</u>	<u>Adjusted Net</u>	<u>Charitable Purpose</u>
	\$	\$	\$	\$
Expenses				
Director Insurance	1,941	970		970
Entertainment & Meals	127	63		63
Library & Documentation	1,198	599		599
Miscellaneous	223	111		111
Office Maintenance	2,979	1,489		1,489
Office Supplies	1,229	614		614
Parking	1,621	810		810
Postage	345	172		173
Telephone	3,133	1,566		1,566
Workers' Comp Insurance	2,106	1,053		1,053
Total	<u>\$ 14,902</u>	<u>\$ 7,447</u>	<u>\$ 0</u>	<u>\$ 7,448</u>

Federal Statements

Statement 8 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Basis of Valuation</u>	<u>Fair Market Value</u>
Investment in Common & Preferred Stk	\$ 4,161,487	\$ 4,090,228		\$
Total	<u>\$ 4,161,487</u>	<u>\$ 4,090,228</u>		<u>\$ 0</u>

Statement 9 - Form 990-PF, Part II, Line 13 - Other Investments

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Basis of Valuation</u>	<u>Fair Market Value</u>
Investments - Salient Other	\$ 1,008,877	\$		\$
Investments - Salient Absolute		1,116,524		
Total	<u>\$ 1,008,877</u>	<u>\$ 1,116,524</u>		<u>\$ 0</u>

Statement 10 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment

<u>Description</u>	<u>Beginning Net Book</u>	<u>End Cost / Basis</u>	<u>End Accumulated Depreciation</u>	<u>Net FMV</u>
Land/Building/Equipment	\$ 1,701	\$ 126,183	\$ 125,389	\$
Total	<u>\$ 1,701</u>	<u>\$ 126,183</u>	<u>\$ 125,389</u>	<u>\$ 0</u>

Federal Statements**Statement 11 - Form 990-PF, Part II, Line 15 - Other Assets**

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Fair Market Value</u>
Due to/from related parties	\$ 24,087	\$ 7,137	\$
Total	<u>\$ 24,087</u>	<u>\$ 7,137</u>	<u>\$ 0</u>

Statement 12 - Form 990-PF, Part III, Line 5 - Other Decreases

<u>Description</u>	<u>Amount</u>
Nondeductible Meals & Entertainment	\$ 127
Nondeductible Partnership Expenses	178
Tax Penalties	57
Unreported Expenses in 2009	<u>4,254</u>
Total	<u>\$ 4,616</u>

Federal Statements

**Statement 13 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees,
Etc.**

<u>Name and Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
T.R. Reckling, III 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
Isla C. Reckling 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	0	0	0
Chaille W. Hawkins 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
Christiana R. McConn 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	0	0	0
Thomas R. Reckling, IV 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
James S. Reckling 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
Blake W. Winston 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	0	0	0
Stephen M. Reckling 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
John B. Reckling 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
Thomas K. Reckling 815 Walker, Suite 1543	Trustee	1.00	100	0	0

Federal Statements

**Statement 13 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees,
Etc. (continued)**

<u>Name and Address</u>	<u>Title</u>	<u>Average Hours</u>	<u>Compensation</u>	<u>Benefits</u>	<u>Expenses</u>
Houston TX 77002					
L. David Winston 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
Bert F. Winston, III 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
Isla C. McConn 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0
E. Carroll Schuler 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	0	0	0
Carroll R. Goodman 815 Walker, Suite 1543 Houston TX 77002	Trustee	1.00	100	0	0

Statement 14 - 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 15 - 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.

Federal Statements

**Statement 16 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year**

Name	Address	Relationship	Status	Purpose	Amount
Alley Theater	615 Texas Ave. Houston TX 77002	N/A	501.C.3	Operating Funds	30,000
Angela House	425 Shane # 18 Houston TX 77037	N/A	501.C.3	Operating Funds	25,000
Austin Community Foundati	4315 Guadalupe, Suite 300 Austin TX 78751	N/A	501.C.3	Operating Funds	10,000
Baylor College of Medicin	One Baylor Plaza Houston TX 77030	N/A	501.C.3	Operating Funds	50,000
The Brookwood Community	1752 FM 1489 Brookshire TX 77423	N/A	501.C.3	Operating Funds	5,000
CanCare of Houston, Inc.	9575 Katy Freeway, Ste 42 Houston TX 77024	N/A	501.C.3	Operating Funds	20,000
Caritas of Austin	611 Neches Austin TX 78701	N/A	501.C.3	Operating Funds	35,000
Casa de Esperanza de los	2911 Corder St. Houston TX 77054	N/A	501.C.3	Operating Funds	30,000
Children's Medical Center	4900 Mueller Blvd. Austin TX 78723	N/A	501.C.3	Operating Funds	32,000
Communities of the Street	3401 Fannin Street Houston TX 77004	N/A	501.C.3	Operating Funds	14,000
Crossroads School, Inc.	5822 Dolores Houston TX 77057	N/A	501.C.3	Operating Funds	10,000
Dabney Foundation	12335 Kingsride, # 347 Houston TX 77024	N/A	501.C.3	Building Funds	10,000
Dad's Club Swim Team, Inc	1006 Voss Road Houston TX 77055	N/A	501.C.3	Operating Funds	50,000
Down Syndrome of Central	3710 Cedar Street, Box 3 Austin TX 78705	N/A	501.C.3	Operating Funds	5,000
Duchesne Academy of the S	10202 Memorial Drive Houston TX 77024	N/A	501.C.3	Operating Funds	20,000
Episcopal High School	4650 Bissonnet Bellaire TX 77401	N/A	501.C.3	Operating Funds	150,000
ESCAPE Family Resource Ce	3210 Eastside Houston TX 77098	N/A	501.C.3	Operating Funds	25,000
Hill Country Arts Foundat	120 Point Theatre Road So Ingram TX 78025	N/A	501.C.3	Operating Funds	28,000
Hill Country CASA	P.O. Box 290965 Kerrville TX 78029	N/A	501.C.3	Operating Funds	20,000

Federal Statements

**Statement 16 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year (continued)**

Name	Address	Relationship	Status	Purpose	Amount
Hill Country Concl on Al Kerrville TX 78028	102 Business Drive N/A		501.C.3	Operating Funds	8,000
Hill Country Youth Ranch Ingram TX 78025	3522 Junction Highway N/A		501.C.3	Operating Funds	50,000
Houston Arboretum & Natur Houston TX 77024	4501 Woodway N/A		501.C.3	Operating Funds	10,000
Houston Ballet Foundaton Houston TX 77002	601 Preston N/A			Operating Funds	100,000
Houston Food Bank Houston TX 77026	3811 Eastex Fwy N/A		501.C.3	Operating Funds	10,000
Houston Grand Opera Houston TX 77002	510 Preston St., Ste 50 N/A		501.C.3	Operating Funds	30,000
Houston Museum of Natual Houston TX 77030	5555 Hermann Drive N/A			Operating Funds	100,000
Hunt Volunteer Fire Depart Hunt TX 78024	PO Box 362 N/A		501.C.3	Operating Funds	15,000
Huntington Disease Societ Irving TX 75039	350 Las Colinas Blvd, Ste N/A			Operating Funds	25,000
Inprint, Inc. Houston TX 77006	1520 W Main 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	10,000
The Kinkaid School Houston TX 77024	201 Kinkaid School Drive N/A			Operating Funds	17,000
Magnificat House, Inc. Houston TX 77004	3300 Caroline Street N/A		501.C.3	Operating Funds	100,000
Mount Horeb House Kerrville TX 78028	301 Junction Hwy # 321 N/A		501.C.3	Operating Funds	20,000
The Museum of Fine Arts, Houston TX 77005	1001 Bissonet N/A		501.C.3	Operating Funds	111,000
Open Door Mission Houston TX 77011	5803 Harrisburg N/A		501.C.3	Operating Funds	25,000
Our Lady of Guadalupe Sch Houston TX 77003	2405 Navigaton Blvd. N/A			Operating Funds	25,000
Pink Ribbons Project Houston TX 77098	2449 South Blvd. Ste. 100 N/A		501.C.3	Operating Funds	5,000
St. Edwards University Austin TX 78704	3001 South Congress Avenu N/A			Building Funds	100,000

Federal Statements

**Statement 16 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the
Year (continued)**

<u>Name</u>	<u>Address</u>	<u>Relationship</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
St. Luke's Center for Cou	2719 Joanel Street Houston TX 77027	N/A		Operating Funds	10,000
St. Thomas High School	4500 Memorial Drive Houston TX 77007	N/A		Operating Funds	250,000
The Salvation Army of Hou	1500 Austin Street Houston TX 77002	N/A	501.C.3	Operating Funds	25,000
San Angelo Museum of Fine	One Love Street San Angelo TX 76903	N/A	501.C.3	Operating Funds	50,000
Schreiner University	2100 Memorial Blvd. Kerrville TX 78028	N/A	501.C.3	Operating Funds	20,000
Star of Hope	6897 Ardmore Street Houston TX 77054	N/A	501.C.3	Operating Funds	25,000
Sunshine Kids Foundation	2814 Virginia Street Houston TX 77098	N/A	501.C.3	Operating Funds	25,000
Taping For The Blind, Inc	3935 Essex Lane Houston TX 77027	N/A	501.C.3	Operating Funds	15,000
Texas Children's Hospital	6621 Fannin Street Houston TX 77030	N/A		Operating Funds	10,000
TexGen Research	7000 Fannin, Suite 1200 Houston TX 77030	N/A		Operating Funds	15,000
Through God Comes Justice	P.O. Box 3126 San Angelo TX 76902	N/A		Operating Funds	5,000
Yellowstone Academy	3000 Trulley St. Houston TX 77004	N/A		Operating Funds	50,000
YMCA of Greater Houston-T	1331 Augusta Dr. Houston TX 77057	N/A	501.C.3	Scholarship	15,000
Total					<u>1,855,000</u>

Federal Asset Report

Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179 Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:									
21	Computer Equipment - Server	12/28/06	5,490			5,490	5 MQ200DB	4,363	601
22	2 Desktops Computers & Equipment	12/28/06	2,795			2,795	5 MQ200DB	2,221	306
			<u>8,285</u>			<u>8,285</u>		<u>6,584</u>	<u>907</u>
Other Depreciation:									
1	Furniture & Equipment	1/01/99	9,727			9,727	5 MO S/L	9,727	0
2	Furniture & Equipment	6/15/01	1,495			1,495	7 MO S/L	1,495	0
3	Furniture & Equipment	1/15/02	35,325			35,325	7 MO S/L	35,325	0
4	Computer Equipment	2/05/02	856			856	5 MO S/L	856	0
5	Furniture & Equipment	2/05/02	19,871			19,871	7 MO S/L	19,871	0
6	Computer Equipment	9/09/02	5,346			5,346	5 MO S/L	5,346	0
7	Office Furniture	5/15/02	16,091			16,091	7 MO S/L	16,091	0
8	Office Furniture	6/18/02	3,919			3,919	7 MO S/L	3,919	0
9	Office Furniture	7/31/02	596			596	7 MO S/L	596	0
10	Office Furniture	8/29/02	1,250			1,250	7 MO S/L	1,250	0
11	Computer Equipment	10/18/02	2,100			2,100	5 MO S/L	2,100	0
12	Computer Equipment	12/13/02	1,081			1,081	5 MO S/L	1,081	0
13	Computer Equipment	6/15/01	1,035			1,035	5 MO S/L	1,035	0
14	Telephone Installation	3/01/02	3,285			3,285	5 MO S/L	3,285	0
15	Filing Cabinets	1/28/02	2,625			2,625	7 MO S/L	2,625	0
16	Cabling & Wiring	2/11/02	2,159			2,159	5 MO S/L	2,159	0
17	3 pcs software/printer memory upgrade	8/26/02	8,257			8,257	5 MO S/L	8,257	0
18	Console Table & Rug	9/20/02	1,577			1,577	7 MO S/L	1,577	0
19	Sony 19" Flat Screen Monitor	3/02/04	1,034			1,034	5 MO S/L	1,034	0
20	19" Samsung Monitor	5/28/04	269			269	5 MO S/L	269	0
	Total Other Depreciation		<u>117,898</u>			<u>117,898</u>		<u>117,898</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>117,898</u>			<u>117,898</u>		<u>117,898</u>	<u>0</u>
	Grand Totals		126,183			126,183		124,482	907
	Less: Dispositions and Transfers		0			0		0	0
	Less: Start-up/Org Expense		0			0		0	0
	Net Grand Totals		<u>126,183</u>			<u>126,183</u>		<u>124,482</u>	<u>907</u>

AMT Asset Report

Form 990, Page 1

Asset	Description	Date In Service	Cost	Bus %	Sec 179Bonus	Basis for Depr	PerConv Meth	Prior	Current
Prior MACRS:									
21	Computer Equipment - Server	12/28/06	5,490			5,490	5 MQ150DB	3,801	901
22	2 Desktops Computers & Equipment	12/28/06	2,795			2,795	5 MQ150DB	1,935	459
			<u>8,285</u>			<u>8,285</u>		<u>5,736</u>	<u>1,360</u>
Other Depreciation:									
1	Furniture & Equipment	1/01/99	0			0	0 HY	0	0
2	Furniture & Equipment	6/15/01	0			0	0 HY	0	0
3	Furniture & Equipment	1/15/02	0			0	0 HY	0	0
4	Computer Equipment	2/05/02	0			0	0 HY	0	0
5	Furniture & Equipment	2/05/02	0			0	0 HY	0	0
6	Computer Equipment	9/09/02	0			0	0 HY	0	0
7	Office Furniture	5/15/02	0			0	0 HY	0	0
8	Office Furniture	6/18/02	0			0	0 HY	0	0
9	Office Furniture	7/31/02	0			0	0 HY	0	0
10	Office Furniture	8/29/02	0			0	0 HY	0	0
11	Computer Equipment	10/18/02	0			0	0 HY	0	0
12	Computer Equipment	12/13/02	0			0	0 HY	0	0
13	Computer Equipment	6/15/01	0			0	0 HY	0	0
14	Telephone Installation	3/01/02	0			0	0 HY	0	0
15	Filing Cabinets	1/28/02	0			0	0 HY	0	0
16	Cabling & Wiring	2/11/02	0			0	0 HY	0	0
17	3 pcs software/printer memory upgrade	8/26/02	0			0	0 HY	0	0
18	Console Table & Rug	9/20/02	0			0	0 HY	0	0
19	Sony 19" Flat Screen Monitor	3/02/04	1,034			1,034	5 MO S/L	1,034	0
20	19" Samsung Monitor	5/28/04	269			269	5 MO S/L	269	0
	Total Other Depreciation		<u>1,303</u>			<u>1,303</u>		<u>1,303</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>1,303</u>			<u>1,303</u>		<u>1,303</u>	<u>0</u>
	Grand Totals		9,588			9,588		7,039	1,360
	Less: Dispositions and Transfers		<u>0</u>			<u>0</u>		<u>0</u>	<u>0</u>
	Net Grand Totals		<u>9,588</u>			<u>9,588</u>		<u>7,039</u>	<u>1,360</u>

Depreciation Adjustment Report

All Business Activities

<u>Form</u>	<u>Unit</u>	<u>Asset</u>	<u>Description</u>	<u>Tax</u>	<u>AMT</u>	<u>AMT Adjustments/ Preferences</u>
<u>MACRS Adjustments:</u>						
Page 1	1	21	Computer Equipment - Server	601	901	-300
Page 1	1	22	2 Desktops Computers & Equipment	<u>306</u>	<u>459</u>	<u>-153</u>
				<u>907</u>	<u>1,360</u>	<u>-453</u>

Future Depreciation Report FYE: 12/31/11

Form 990, Page 1

Asset	Description	Date In Service	Cost	Tax	AMT
<u>Prior MACRS:</u>					
21	Computer Equipment - Server	12/28/06	5,490	526	788
22	2 Desktops Computers & Equipment	12/28/06	2,795	268	401
			<u>8,285</u>	<u>794</u>	<u>1,189</u>
<u>Other Depreciation:</u>					
1	Furniture & Equipment	1/01/99	9,727	0	0
2	Furniture & Equipment	6/15/01	1,495	0	0
3	Furniture & Equipment	1/15/02	35,325	0	0
4	Computer Equipment	2/05/02	856	0	0
5	Furniture & Equipment	2/05/02	19,871	0	0
6	Computer Equipment	9/09/02	5,346	0	0
7	Office Furniture	5/15/02	16,091	0	0
8	Office Furniture	6/18/02	3,919	0	0
9	Office Furniture	7/31/02	596	0	0
10	Office Furniture	8/29/02	1,250	0	0
11	Computer Equipment	10/18/02	2,100	0	0
12	Computer Equipment	12/13/02	1,081	0	0
13	Computer Equipment	6/15/01	1,035	0	0
14	Telephone Installation	3/01/02	3,285	0	0
15	Filing Cabinets	1/28/02	2,625	0	0
16	Cabling & Wiring	2/11/02	2,159	0	0
17	3 pcs software/printer memory upgrade	8/26/02	8,257	0	0
18	Console Table & Rug	9/20/02	1,577	0	0
19	Sony 19" Flat Screen Monitor	3/02/04	1,034	0	0
20	19" Samsung Monitor	5/28/04	269	0	0
	Total Other Depreciation		<u>117,898</u>	<u>0</u>	<u>0</u>
	Total ACRS and Other Depreciation		<u>117,898</u>	<u>0</u>	<u>0</u>
	Grand Totals		<u>126,183</u>	<u>794</u>	<u>1,189</u>

Sterling-Turner Foundation

Form **990-W**
 (WORKSHEET)
 Department of the Treasury
 Internal Revenue Service

**Estimated Tax on Unrelated Business Taxable
 Income for Tax-Exempt Organizations**
 (and on Investment Income for Private Foundations)
 (Keep for your records. Do not send to the Internal Revenue Service.)

OMB No. 1545-0976

2011

1	Unrelated business taxable income expected in the tax year	1	
2	Tax on the amount on line 1. See instructions for tax computation	2	
3	Alternative minimum tax (see instructions)	3	
4	Total. Add lines 2 and 3	4	
5	Estimated tax credits (see instructions)	5	
6	Subtract line 5 from line 4	6	
7	Other taxes (see instructions)	7	
8	Total. Add lines 6 and 7	8	
9	Credit for federal tax paid on fuels (see instructions)	9	
10a	Subtract line 9 from line 8. Note. If less than \$500, the organization is not required to make estimated tax payments. Private foundations, see instructions	10a	26,537
b	Enter the tax shown on the 2010 return (see instructions). Caution. If zero or the tax year was for less than 12 months, skip this line and enter the amount from line 10a on line 10c	10b	26,537
c	2011 Estimated Tax. Enter the smaller of line 10a or line 10b. If the organization is required to skip line 10b, enter the amount from line 10a on line 10c	10c	26,537

		(a)	(b)	(c)	(d)	
11	Installment due dates (see instructions)	11	05/16/11	06/15/11	09/15/11	12/15/11
12	Required installments. Enter 25% of line 10c in columns (a) through (d) unless the organization uses the annualized income installment method, the adjusted seasonal installment method, or is a "large organization" (see instructions)	12	6,635	6,635	6,635	6,635
13	2010 Overpayment (see instructions)	13	6,635	6,635	6,635	4,962
14	Payment due. (Subtract line 13 from line 12.)	14				1,673

For Paperwork Reduction Act Notice, see the instructions on page 8.

Form **990-W** (2011)

Federal Statements**Taxable Interest on Investments**

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business Code</u>	<u>Exclusion Code</u>	<u>Postal Code</u>	<u>US Obs (\$ or %)</u>
Interest Income - Chase Bank	\$ 31				
Total	\$ 31				

Taxable Dividends from Securities

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business Code</u>	<u>Exclusion Code</u>	<u>Postal Code</u>	<u>US Obs (\$ or %)</u>
Dividends	\$ 1,255,604				
Salient Absolute Return TEI	91,039				
Salient Absolute Return Fd LP	15,916				
Total	\$ 1,362,559				

Form 990-T Return Summary

For calendar year 2010, or tax year beginning _____, and ending _____

74-1460482

Sterling-Turner Foundation

Income

Gross profit _____
 Capital gain / loss _____
 Unrelated debt-financed income _____
 All other income _____

Total income _____

Deductions

Officer compensation _____
 Salaries _____
 All other deductions _____
 Net operating loss _____
 Specific deduction 1,000

Total deductions _____

1,000

Unrelated business taxable income

-1,000

Taxes / Credits / Payments

Regular tax _____
 Proxy tax _____
 Alternative minimum tax _____

Tax _____

Foreign tax credit _____
 Other credits _____
 General business credits _____
 Prior year minimum tax credit _____

Total nonrefundable credits _____

Other taxes _____

Total tax _____

Estimated tax payments _____
 Paid with extension _____
 Tax withheld _____
 Other credits / payments _____
 Estimated tax penalty _____
 Overpayment applied to next year's tax _____

Payments / penalty / application _____

Net tax due _____

Additions to Tax

Interest on late payments _____
 Failure to file penalty _____
 Failure to pay penalty _____

Total additions _____

Balance due _____

Refund _____

874

Next Year's Estimates

1st quarter _____
 2nd quarter _____
 3rd quarter _____
 4th quarter _____
Total _____

Miscellaneous Information

Amended return _____
 Return / extended due date 05/16/11