

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

OMB No 1545-0052

2006

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 2006, or tax year beginning , 2006, and ending

G Check all that apply: Initial return Final return Amended return Address change Name change

Use the
IRS label.
Otherwise,
print
or type.
See Specific
Instructions.COVENANT FOUNDATION, INC.
8122 DATAPOINT DR, #1000
SAN ANTONIO, TX 78229-3270

A Employer identification number

74-2622129

B Telephone number (see instructions)

210-614-7051

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 foundationI Fair market value of all assets at end of year
(from Part II, column (c), line 16)

\$ 26,949,310.

J Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify)

(Part I, column (d) must be on cash basis.)

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)

(a) Revenue and expenses per books

(b) Net investment income

(c) Adjusted net income

(d) Disbursements for charitable purposes (cash basis only)

1 Contributions, gifts, grants, etc., received (att sch)

2 Ck ☒ if the foundn is not req to att Sch B

3 Interest on savings and temporary cash investments

4 Dividends and interest from securities

5a Gross rents

b Net rental income or (loss)

6a Net gain/(loss) from sale of assets not on line 10

b Gross sales price for all assets on line 6a

7 Capital gain net income (from Part IV, line 2)

8 Net short-term capital gain

9 Income modifications

10a Gross sales less returns and allowances

b Less: Cost of goods sold

c Gross profit/(loss) (att sch)

d Other income (attach schedule)

11 Total. Add lines 1 through 11

12 Compensation of officers, directors, trustees, etc.

13 Other employee salaries and wages

14 Pension plans, employee benefits

15a Legal fees (attach schedule)

b Accounting fees (attach sch)

c Other prof fees (attach sch)

17 Interest

18 Taxes (attach schedule)

19 Depreciation (attach schedule) and depletion

20 Occupancy

21 Travel, conferences, and meetings

22 Printing and publications

23 Other expenses (attach schedule)

24 Total operating and administrative expenses. Add lines 13 through 23

25 Contributions, gifts, grants paid PART XV

26 Total expenses and disbursements. Add lines 24 and 25

27 Subtract line 26 from line 12:

a Excess of revenue over expenses and disbursements

b Net investment income (if negative, enter -0-)

c Adjusted net income (if negative, enter -0-)

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SEE STATEMENT 2

SEE ST 3

SEE ST 4

SEE STMT 5

SEE STATEMENT 6

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	104,091.	31,239.	31,239.
	2 Savings and temporary cash investments	13,843.	14,569,182.	14,569,182.
	3 Accounts receivable			
	Less: allowance for doubtful accounts	275.		
	4 Pledges receivable			
	Less: allowance for doubtful accounts			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach sch)			
	Less: allowance for doubtful accounts			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments — U.S. and state government obligations (attach schedule)			
	b Investments — corporate stock (attach schedule) STATEMENT 7	19,103,750.	19,103,750.	9,887,500.
	c Investments — corporate bonds (attach schedule)			
	LIABILITIES	11 Investments — land, buildings, and equipment: basis		
Less: accumulated depreciation (attach schedule)				
12 Investments — mortgage loans				
13 Investments — other (attach schedule) STATEMENT 8		20,995,711.	2,451,010.	2,457,404.
14 Land, buildings, and equipment: basis		8,051.		
Less: accumulated depreciation (attach schedule) SEE STMT. 9		4,066.	3,985.	3,985.
15 Other assets (describe)				
16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)		40,219,705.	36,159,166.	26,949,310.
17 Accounts payable and accrued expenses		1,836.	19,401.	
18 Grants payable				
19 Deferred revenue				
20 Loans from officers, directors, trustees, & other disqualified persons	550,000.			
21 Mortgages and other notes payable (attach schedule)				
22 Other liabilities (describe)				
23 Total liabilities (add lines 17 through 22)	551,836.	19,401.		
NET FUND 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.		<input checked="" type="checkbox"/>	
	27 Capital stock, trust principal, or current funds			
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	39,667,869.	36,139,765.	
30 Total net assets or fund balances (see instructions)	39,667,869.	36,139,765.		
31 Total liabilities and net assets/fund balances (see instructions)	40,219,705.	36,159,166.		

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	39,667,869.
2 Enter amount from Part I, line 27a	2	-3,528,104.
3 Other increases not included in line 2 (itemize)	3	
4 Add lines 1, 2, and 3	4	36,139,765.
5 Decreases not included in line 2 (itemize)	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	36,139,765.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)

(b) How acquired
P — Purchase
D — Donation(c) Date acquired
(month, day, year)(d) Date sold
(month, day, year)

1a MAJESTY I LP - PASS THROUGH	P	VARIOUS	VARIOUS
b CONVERGENT INVESTORS VI, LP - PASS THROU	P	VARIOUS	VARIOUS
c DEUTSCHE TELEKON - CLASS ACTION SETTLEME	P	VARIOUS	VARIOUS
d MAJESTY I LP - PARTNERSHIP INT LIQUIDATI	P	1/01/06	12/31/06
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 4,001,571.			4,001,571.
b		114,971.	-114,971.
c 1,319.			1,319.
d 12,541,499.		12,551,882.	-10,383.
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a			4,001,571.
b			-114,971.
c			1,319.
d			-10,383.
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

3,877,536.

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6).

If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0-
in Part I, line 8

3

3,991,188.

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 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 (column (b) divided by column (c))
2005	10,804,087.	41,536,641.	0.260110
2004	8,069,734.	29,679,480.	0.271896
2003	9,220,966.	25,546,711.	0.360945
2002	12,325,637.	33,332,596.	0.369777
2001	6,883,610.	49,324,347.	0.139558

2 Total of line 1, column (d) 2 1.402286

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 0.280457

4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5. 4 28,730,978.

5 Multiply line 4 by line 3 5 8,057,804.

6 Enter 1% of net investment income (1% of Part I, line 27b) 6 38,866.

7 Add lines 5 and 6 7 8,096,670.

8 Enter qualifying distributions from Part XII, line 4 8 7,182,199.

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

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

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1. Date of ruling letter: _____ (attach copy of ruling 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 77,733.
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, column (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 77,733.
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 77,733.
6 Credits/Payments:		
a 2006 estimated tax pmts and 2005 overpayment credited to 2006	6a 80,000.	
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 80,000.	
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> 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 0.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid.	10 2,210.	
11 Enter the amount of line 10 to be: Credited to 2007 estimated tax 2,210. Refunded	11 0.	

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?		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?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ 0. (2) On foundation managers \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If 'Yes,' attach a detailed description of the activities.		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
4 a 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?	X	
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, column (c), and Part XV.	X	
8 a Enter the states to which the foundation reports or with which it is registered (see 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 2006 or the taxable year beginning in 2006 (see instructions for Part XIV)? 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

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Part VII-A Statements Regarding Activities Continued

11 a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule. (see instructions)	11 a		X
b	If 'Yes', did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, an annuities described in the attachment for line 11a?	11 b	N/A	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	
Website address <u>N/A</u>				
14	The books are in care of <u>CHARLES A. STAFFEL</u> Telephone no. <u>210-614-7051</u>			
Located at <u>8122 DATAPOINT DR #1000, SAN ANTONIO TX</u> ZIP + 4 <u>78229-3270</u>				
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <u>N/A</u>			
and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>		N/A		

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
1 a 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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6) Agree to pay money or property to a government official? (Exception. Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b If any answer is 'Yes' to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here <input type="checkbox"/>	1 b	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 2006?	1 c	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 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement - see instructions.)	2 b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. <u>20__</u> , <u>20__</u> , <u>20__</u> , <u>20__</u>		
3 a 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 2006 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 2006.)	3 b	N/A
4 a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	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 2006?	4 b	X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *Continued***5a** During the year did the foundation pay or incur any amount to:**(1)** Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No**(2)** Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No**(3)** Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No**(4)** Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☒ No**(5)** Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No**b** If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? ☐ Yes ☒ NoOrganizations relying on a current notice regarding disaster assistance check here ☐**c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☒ No

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

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

If you answered 'Yes' to 6b, also 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? ☐ Yes ☒ No**Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors****1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 10		116,663.	2,883.	9,873.

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

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

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

0

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

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

Total number of others receiving over \$50,000 for professional services 0

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	0.

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	9,573,021.
b Average of monthly cash balances	1b	4,128,348.
c Fair market value of all other assets (see instructions)	1c	15,467,137.
d Total (add lines 1a, b, and c)	1d	29,168,506.
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	29,168,506.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	437,528.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4 ..	5	28,730,978.
6 Minimum investment return. Enter 5% of line 5	6	1,436,549.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ☐ and do not complete this part.)

1 Minimum investment return from Part X, line 6.	1	1,436,549.
2a Tax on investment income for 2006 from Part VI, line 5	2a	77,733.
b Income tax for 2006. (This does not include the tax from Part VI) ..	2b	
c Add lines 2a and 2b	2c	77,733.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	1,358,816.
4 Recoveries of amounts treated as qualifying distributions.	4	
5 Add lines 3 and 4	5	1,358,816.
6 Deduction from distributable amount (see instructions) ..	6	
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,358,816.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1a	7,182,199.
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	7,182,199.
5 Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions) ..	5	
6 Adjusted qualifying distributions. Subtract line 5 from line 4 ..	6	7,182,199.

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

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Form 990-PF (2006)

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				1,358,816.
2 Undistributed income, if any, as of the end of 2005:				
a Enter amount for 2005 only			0.	
b Total for prior years: 20__, 20__, 20__		0.		
3 Excess distributions carryover, if any, to 2006:				
a From 2001	4,477,751.			
b From 2002	10,665,043.			
c From 2003	7,944,970.			
d From 2004	6,619,532.			
e From 2005	8,857,508.			
f Total of lines 3a through e	38,564,804.			
4 Qualifying distributions for 2006 from Part XII, line 4: ► \$ 7,182,199.				
a Applied to 2005, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2006 distributable amount				1,358,816.
e Remaining amount distributed out of corpus	5,823,383.			
5 Excess distributions carryover applied to 2006. (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5.	44,388,187.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.		0.		
d Subtract line 6c from line 6b. Taxable amount — see instructions.		0.		
e Undistributed income for 2005. Subtract line 4a from line 2a. Taxable amount — see instructions.			0.	
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2001 not applied on line 5 or line 7 (see instructions)	4,477,751.			
9 Excess distributions carryover to 2007. Subtract lines 7 and 8 from line 6a	39,910,436.			
10 Analysis of line 9.				
a Excess from 2002	10,665,043.			
b Excess from 2003	7,944,970.			
c Excess from 2004	6,619,532.			
d Excess from 2005	8,857,508.			
e Excess from 2006	5,823,383.			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

N/A

- | | | | | | |
|--|----------|---------------|----------|----------|-----------|
| 1 If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2006, enter the date of the ruling | | | | | |
| b Check box to indicate whether the foundation is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5) | | | | | |
| 2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed | Tax year | Prior 3 years | | | (e) Total |
| | (a) 2006 | (b) 2005 | (c) 2004 | (d) 2003 | |
| b 85% of line 2a | | | | | |
| c Qualifying distributions from Part XII, line 4 for each year listed | | | | | |
| d Amounts included in line 2c not used directly for active conduct of exempt activities | | | | | |
| e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c | | | | | |
| 3 Complete 3a, b, or c for the alternative test relied upon: | | | | | |
| a 'Assets' alternative test — enter: | | | | | |
| (1) Value of all assets | | | | | |
| (2) Value of assets qualifying under section 4942(j)(3)(B)(i) | | | | | |
| b 'Endowment' alternative test — enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed | | | | | |
| c 'Support' alternative test — enter: | | | | | |
| (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) | | | | | |
| (2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii) | | | | | |
| (3) Largest amount of support from an exempt organization. | | | | | |
| (4) Gross investment income. | | | | | |

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

1 Information Regarding Foundation Managers:

- a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)
- JAMES R. LEININGER**

- b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.
- NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:

Check here ☒ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

- a** The name, address, and telephone number of the person to whom applications should be addressed:

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

- c Any submission deadlines:**

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

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year SEE SCHEDULE			SEE SCHEDULE	7,182,199.
Total				3a 7,182,199.
b Approved for future payment				
Total				3b

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount		
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments.					
3	Interest on savings and temporary cash investments .	525990	172.	14	163,845.	
4	Dividends and interest from securities			14	288,836.	
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	525990	89,563.	18	3,877,536.	
9	Net income or (loss) from special events.					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue:					
a	NET PTRSHIP INCOME-UBIT	525990	186,532.	14		
b	PTRSHIP INCOME-MAJESTY I L			14	-151,542.	
c	TAX EXEMPT INCOME			14	206.	
d						
e						
12	Subtotal. Add columns (b), (d), and (e)		276,267.		4,178,881.	
13	Total. Add line 12, columns (b), (d), and (e)					4,455,148.

(See worksheet in the instructions for line 13 to verify calculations.)

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

[illegible]

**Return by a Shareholder of a Passive Foreign
Investment Company or Qualified Electing Fund**

OMB No 1545-1002

Attachment
Sequence No **69**

► See separate instructions.

Name of shareholder COVENANT FOUNDATION, INC	Identifying number (see page 2 of instructions) 74-2622129
Number, street, and room or suite no. (If a P.O. box, see page 2 of instructions) 8122 DATAPoint DR, STE 1000	Shareholder tax year: calendar year 20 <u>06</u> or other tax year beginning _____, 20____ and ending _____, 20____
City or town, state, and ZIP code or country SAN ANTONIO, TX 78229	
Check type of shareholder filing the return: <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> S Corporation <input type="checkbox"/> Nongrantor Trust <input type="checkbox"/> Estate	
Name of passive foreign investment company (PFIC) or qualified electing fund (QEF) EUROCASTLE INVESTMENT LIMITED	Employer identification number (if any) _____
Address (Enter number, street, city or town, and country) BOROUGH HOUSE ST. PETER PORT, GUERNSEY GY1 3RH	Tax year of company or fund: calendar year 20____ or other tax year beginning _____, 20____ and ending _____, 20____

Part I Elections (See instructions.)

- A** ☒ **Election To Treat the PFIC as a QEF.** I, a shareholder of a PFIC, elect to treat the PFIC as a QEF. *Complete lines 1a through 2c of Part II.*
- B** ☐ **Deemed Sale Election.** I, a shareholder on the first day of a PFIC's first tax year as a QEF, elect to recognize gain on the deemed sale of my interest in the PFIC. *Enter gain or loss on line 10f of Part IV.*
- C** ☐ **Deemed Dividend Election.** I, a shareholder on the first day of a PFIC's first tax year as a QEF that is a controlled foreign corporation (CFC), elect to treat an amount equal to my share of the post-1986 earnings and profits of the CFC as an excess distribution. *Enter this amount on line 10e of Part IV.*
- D** ☐ **Election To Extend Time For Payment of Tax.** I, a shareholder of a QEF, elect to extend the time for payment of tax on the undistributed earnings and profits of the QEF until this election is terminated. *Complete lines 3a through 4c of Part II to calculate the tax that may be deferred.*
Note: If any portion of line 1a or line 2a of Part II is includible under section 551 or 951, you may **not** make this election. Also, see sections 1294(c) and 1294(f) and the related regulations for events that terminate this election.
- E** ☐ **Election To Recognize Gain on Deemed Sale of PFIC.** I, a shareholder of a former PFIC or a PFIC to which section 1297(e) applies, elect to treat as an excess distribution the gain recognized on the deemed sale of my interest in the PFIC, or, if I qualify, my share of the PFIC's post-1986 earnings and profits deemed distributed, on the last day of its last tax year as a PFIC under section 1297(a). *Enter gain on line 10f of Part IV.*
- F** ☐ **Election To Mark-to-Market PFIC Stock.** I, a shareholder of a PFIC, elect to mark-to-market the PFIC stock that is marketable within the meaning of section 1296(e). *Complete Part III.*

Part II Income From a Qualified Electing Fund (QEF). All QEF shareholders complete lines 1a through 2c. If you are making Election D, also complete lines 3a through 4c. (See page 5 of instructions.)

1a Enter your pro rata share of the ordinary earnings of the QEF	1a	1,473	
b Enter the portion of line 1a that is included in income under section 551 or 951 or that may be excluded under section 1293(g)	1b		
c Subtract line 1b from line 1a. Enter this amount on your tax return as dividend income		1c	1,473
2a Enter your pro rata share of the total net capital gain of the QEF	2a		
b Enter the portion of line 2a that is included in income under section 551 or 951 or that may be excluded under section 1293(g)	2b		
c Subtract line 2b from line 2a. This amount is a net long-term capital gain. Enter this amount in Part II of the Schedule D used for your income tax return. (See instructions.)		2c	0
3a Add lines 1c and 2c		3a	
b Enter the total amount of cash and the fair market value of other property distributed or deemed distributed to you during the tax year of the QEF (See instructions)	3b		
c Enter the portion of line 3a not already included in line 3b that is attributable to shares in the QEF that you disposed of, pledged, or otherwise transferred during the tax year	3c		
d Add lines 3b and 3c		3d	
e Subtract line 3d from line 3a, and enter the difference (if zero or less, enter amount in brackets) Important: If line 3e is greater than zero, and no portion of line 1a or 2a is includible in income under section 551 or 951, you may make Election D with respect to the amount on line 3e.		3e	
4a Enter the total tax for the tax year (See instructions)	4a		
b Enter the total tax for the tax year determined without regard to the amount entered on line 3e	4b		
c Subtract line 4b from line 4a. This is the deferred tax, the time for payment of which is extended by making Election D. See instructions.		4c	

Part III Gain or (Loss) From Mark-to-Market Election (See page 5 of instructions.)

5	Enter the fair market value of your PFIC stock at the end of the tax year	5	
6	Enter your adjusted basis in the stock at the end of the tax year	6	
7	Excess. Subtract line 6 from line 5. If a gain, stop here. Include this amount as ordinary income on your tax return. If a loss, go to line 8.	7	0
8	Enter any unreversed inclusions (as defined in section 1296(d)). See instructions	8	
9	Enter the smaller of line 7 or line 8. Include this amount as an ordinary loss on your tax return	9	

Part IV Distributions From and Dispositions of Stock of a Section 1291 Fund (See page 6 of instructions.)
Complete a separate Part IV for each excess distribution (see instructions).

10a	Enter your total distributions from the section 1291 fund during the current tax year with respect to the applicable stock. If the holding period of the stock began in the current tax year, see instructions	10a	
b	Enter the total distributions (reduced by the portions of such distributions that were excess distributions but not included in income under section 1291(a)(1)(B)) made by the fund with respect to the applicable stock for each of the 3 years preceding the current tax year (or if shorter, the portion of the shareholder's holding period before the current tax year)	10b	
c	Divide line 10b by 3. (See instructions if the number of preceding tax years is less than 3.)	10c	0
d	Multiply line 10c by 125% (1.25)	10d	0
e	Subtract line 10d from line 10a. This amount, if more than zero, is the excess distribution with respect to the applicable stock. If zero or less and you did not dispose of stock during the tax year, do not complete the rest of Part IV. See instructions if you received more than one distribution during the current tax year. Also, see instructions for rules for reporting a nonexcess distribution on your income tax return	10e	0
f	Enter gain or loss from the disposition of stock of a section 1291 fund or former section 1291 fund. If a gain, complete line 11. If a loss, show it in brackets and do not complete line 11.	10f	
11a	Attach a statement for each distribution and disposition. Show your holding period for each share of stock or block of shares held. Allocate the excess distribution to each day in your holding period. Add all amounts that are allocated to days in each tax year		
b	Enter the total of the amounts determined in line 11a that are allocable to the current tax year and tax years before the foreign corporation became a PFIC (pre-PFIC tax years). Enter these amounts on your income tax return as other income	11b	
c	Enter the aggregate increases in tax (before credits) for each tax year in your holding period (other than the current tax year and pre-PFIC years) (See instructions.)	11c	
d	Foreign tax credit. (See instructions)	11d	
e	Subtract line 11d from line 11c. Enter this amount on your income tax return as "additional tax" (See instructions)	11e	0
f	Determine interest on each net increase in tax determined on line 11e using the rates and methods of section 6621. Enter the aggregate amount of interest here. (See instructions)	11f	

Part V Status of Prior Year Section 1294 Elections and Termination of Section 1294 Elections

Complete a separate column for each outstanding election. Complete lines 9 and 10 only if there is a partial termination of the section 1294 election.

	(i)	(ii)	(iii)	(iv)	(v)	(vi)
1 Tax year of outstanding election						
2 Undistributed earnings to which the election relates						
3 Deferred tax						
4 Interest accrued on deferred tax (line 3) as of the filing date						
5 Event terminating election						
6 Earnings distributed or deemed distributed during the tax year						
7 Deferred tax due with this return						
8 Accrued interest due with this return						
9 Deferred tax outstanding after partial termination of election						
10 Interest accrued after partial termination of election						

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.

FORM 990-PF

OMB No 1545-0142

2006

Name COVENANT FOUNDATION, INC.	Employer identification number 74-2622129
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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 34 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	77,733.
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	77,733.
4 Enter the tax shown on the corporation's 2005 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	130,253.
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	77,733.

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 columns (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	5/15/06	6/15/06	9/15/06	12/15/06
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. Special rules apply to corporations with assets of \$1 billion or more (see instructions)	10	6,451.	6,451.	6,450.	13,770.
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	10,000.		10,000.	60,000.
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		3,549.		648.
13 Add lines 11 and 12	13		3,549.	10,000.	60,648.
14 Add amounts on lines 16 and 17 of the preceding column	14			2,902.	
15 Subtract line 14 from line 13. If zero or less, enter -0-	15	10,000.	3,549.	7,098.	60,648.
16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	16		0.	0.	
17 Underpayment. If line 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		2,902.		
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	3,549.		648.	

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.

BAA For Paperwork Reduction Act Notice, see separate instructions.

Form 2220 (2006)

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). (<i>Form 990-PF and Form 990-T filers:</i> Use 5th month instead of 3rd month.)	19	9/15/06		
20 Number of days from due date of installment on line 9 to the date shown on line 19	20	92		
21 Number of days on line 20 after 4/15/2006 and before 7/1/2006	21	15		
22 Underpayment on line 17 \times $\frac{\text{Number of days on line 21}}{365} \times 7\%$	22	8.35		
23 Number of days on line 20 after 6/30/2006 and before 4/1/2007	23	77		
24 Underpayment on line 17 \times $\frac{\text{Number of days on line 23}}{365} \times 8\%$	24	48.98		
25 Number of days on line 20 after 3/31/2007 and before 7/1/2007	25			
26 Underpayment on line 17 \times $\frac{\text{Number of days on line 25}}{365} \times \text{ } \%$	26			
27 Number of days on line 20 after 6/30/2007 and before 10/1/2007	27			
28 Underpayment on line 17 \times $\frac{\text{Number of days on line 27}}{365} \times \text{ } \%$	28			
29 Number of days on line 20 after 9/30/2007 and before 1/1/2008	29			
30 Underpayment on line 17 \times $\frac{\text{Number of days on line 29}}{365} \times \text{ } \%$	30			
31 Number of days on line 20 after 12/31/2007 and before 2/16/2008	31			
32 Underpayment on line 17 \times $\frac{\text{Number of days on line 31}}{366} \times \text{ } \%$	32			
33 Add lines 22, 24, 26, 28, 30, and 32.	33	57.33		
34 Penalty. Add columns (a) through (d) of line 33. Enter the total here and on Form 1120, line 33; Form 1120-A, line 29; or the comparable line for other income tax returns	34			57.

***For underpayments paid after March 31, 2007:** For lines 26, 28, 30, and 32, 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.

Part II Annualized Income Installment Method		(a)	(b)	(c)	(d)
20 Annualization periods (see instructions)	20	First 2 months	First 3 months	First 6 months	First 9 months
21 Enter taxable income for each annualization period (see instructions)	21	215,028.	322,542.	645,084.	1,242,084.
22 Annualization amounts (see instructions)	22	6	4	2	1.33333
23 Annualized taxable income. Multiply line 21 by line 22	23	1,290,168.	1,290,168.	1,290,168.	1,656,108.
24 Figure the tax on the amount on line 23 using the instructions for Form 1120, Schedule J, line 2 (or comparable line of corporation's return)	24	25,803.	25,803.	25,803.	33,122.
25 Enter any alternative minimum tax for each payment period (see instructions)	25				
26 Enter any other taxes for each payment period (see instructions)	26				
27 Total tax. Add lines 24 through 26	27	25,803.	25,803.	25,803.	33,122.
28 For each period, enter the same type of credits as allowed on Form 2220, lines 1 and 2c (see instructions)	28				
29 Total tax after credits. Subtract line 28 from line 27. If zero or less, enter -0-	29	25,803.	25,803.	25,803.	33,122.
30 Applicable percentage	30	25%	50%	75%	100%
31 Multiply line 29 by line 30	31	6,451.	12,902.	19,352.	33,122.

Part III Required Installments

Note: Complete lines 32 through 38 of one column before completing the next column.		1st installment	2nd installment	3rd installment	4th installment
32 If only Part I or Part II is completed, enter the amount in each column from line 19 or line 31. If both parts are completed, enter the smaller of the amounts in each column from line 19 or line 31	32	6,451.	12,902.	19,352.	33,122.
33 Add the amounts in all preceding columns of line 38 (see instructions)	33		6,451.	12,902.	19,352.
34 Adjusted seasonal or annualized income installments. Subtract line 33 from line 32. If zero or less, enter -0-	34	6,451.	6,451.	6,450.	13,770.
35 Enter 25% of line 5 on page 1 of Form 2220 in each column. Note: Corporations with assets of \$1 billion or more and 'large corporations,' see the instructions for line 10 for the amounts to enter	35	19,433.	19,433.	19,433.	19,434.
36 Subtract line 38 of the preceding column from line 37 of the preceding column	36		12,982.	25,964.	38,947.
37 Add lines 35 and 36	37	19,433.	32,415.	45,397.	58,381.
38 Required installments. Enter the smaller of line 34 or line 37 here and on page 1 of Form 2220, line 10 (see instructions)	38	6,451.	6,451.	6,450.	13,770.

Form **4562**Department of the Treasury
Internal Revenue Service**Depreciation and Amortization**
(Including Information on Listed Property)

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

OMB No 1545-0172

2006Attachment
Sequence No **67**

Name(s) shown on return

COVENANT FOUNDATION, INC.

Identifying number

74-2622129

Business or activity to which this form relates

FORM 4562 ONLY**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	\$108,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	\$430,000.
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 2005 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instrs)	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 2007. 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 allowance for qualified New York Liberty or Gulf Opportunity Zone 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 2006	17	814.
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 2006 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		2,795.	5	HY	200DB	559.
c 7-year property		616.	7	HY	200DB	88.
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	
i Nonresidential real property			27.5 yrs	MM	S/L	
			39 yrs	MM	S/L	

Section C – Assets Placed in Service During 2006 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	1,461.
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	

2006

FEDERAL STATEMENTS

PAGE 1

CLIENT 0006

COVENANT FOUNDATION, INC.

74-2622129

8/27/07

10:37AM

STATEMENT 1
FORM 990-PF, PART I, LINE 6A
NET GAIN (LOSS) FROM NONINVENTORY SALES PER BOOKS
ASSETS NOT INCLUDED IN PART IV

DESCRIPTION:	MAJESTY I LP		
DATE ACQUIRED:	VARIOUS		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	VARIOUS		
TO WHOM SOLD:			
GROSS SALES PRICE:	89,563.		
COST OR OTHER BASIS:	0.		
		GAIN (LOSS)	89,563.
		TOTAL \$	<u>89,563.</u>

STATEMENT 2
FORM 990-PF, PART I, LINE 11
OTHER INCOME

NET PTRSHIP INCOME-UBIT		\$	186,532.
PTRSHIP INCOME-MAJESTY I L..			-151,542.
TAX EXEMPT INCOME.			206.
		TOTAL \$	<u>35,196.</u>

STATEMENT 3
FORM 990-PF, PART I, LINE 16A
LEGAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL-STOCK SALES	\$ 340.	\$ 340.		
TOTAL	<u>\$ 340.</u>	<u>\$ 340.</u>		<u>\$ 0.</u>

STATEMENT 4
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAX PREPARATION	\$ 2,271.			
TOTAL	<u>\$ 2,271.</u>	<u>\$ 0.</u>		<u>\$ 0.</u>

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COVENANT FOUNDATION, INC.

74-2622129

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STATEMENT 5
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	\$ 1,772.	\$ 1,772.		
FORM 990-T TAXES	193,000.			
PAYROLL TAXES	8,880.			
PROPERTY TAX-FURNITURE	52.			
STATE TAX REFUND	-339.			
TAX ON INVESTMENT INCOME	146,623.			
TOTAL	\$ 349,988.	\$ 1,772.		\$ 0.

STATEMENT 6
FORM 990-PF, PART I, LINE 23
OTHER EXPENSES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK CHARGES	\$ 6.			
CONTRACT LABOR	195.			
EMPLOYEE INSURANCE	10,617.			
MEALS & ENTERTAINMENT	814.			
NONDEDUCTIBLE EXP-PARTNERSHIP	1,317.			
OFFICE EXPENSE	12,723.			
PAYROLL SERVICE FEES	2,067.			
PORTFOLIO FEES-PTRSHIPS	114,610.	\$ 114,610.		
TAX PENALTIES	2,769.			
TELEPHONE	265.			
TRAVEL	6,460.			
WARRANTY EXPENSE	49.			
TOTAL	\$ 151,892.	\$ 114,610.		\$ 0.

STATEMENT 7
FORM 990-PF, PART II, LINE 10B
INVESTMENTS - CORPORATE STOCKS

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
KINETIC CONCEPTS, INC.	COST	\$ 19,103,750.	\$ 9,887,500.
	TOTAL	\$ 19,103,750.	\$ 9,887,500.

CLIENT 0006

COVENANT FOUNDATION, INC.

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STATEMENT 8
FORM 990-PF, PART II, LINE 13
INVESTMENTS - OTHER

<u>OTHER INVESTMENTS</u>	<u>VALUATION METHOD</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
CONVERGENT INVESTORS VI, LP	COST	\$ 1,641,292.	\$ 1,647,642.
COVENANT CLASSICAL SCHOOLS, LLC	COST	809,718.	809,762.
TOTAL		\$ 2,451,010.	\$ 2,457,404.

STATEMENT 9
FORM 990-PF, PART II, LINE 14
LAND, BUILDINGS, AND EQUIPMENT

<u>CATEGORY</u>	<u>BASIS</u>	<u>ACCUM. DEPREC.</u>	<u>BOOK VALUE</u>	<u>FAIR MARKET VALUE</u>
FURNITURE AND FIXTURES	\$ 8,051.	\$ 4,066.	\$ 3,985.	\$ 3,985.
TOTAL	\$ 8,051.	\$ 4,066.	\$ 3,985.	\$ 3,985.

STATEMENT 10
FORM 990-PF, PART VIII, LINE 1
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED</u>	<u>COMPEN- SATION</u>	<u>CONTRI- BUTION TO EBP & DC</u>	<u>EXPENSE ACCOUNT/ OTHER</u>
FRANKLIN B. STAGG 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	PRES/ASSTSEC/DR 40	\$ 95,823.	\$ 2,320.	\$ 6,507.
THOMAS W. LYLES, JR. 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	SECRETARY NONE	0.	0.	0.
CHARLES A. STAFFEL 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	TREAS/DIR NONE	0.	0.	0.
JAMES R. LEININGER 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	CHAIRMAN/DIR NONE	0.	0.	0.
CECELIA A. LEININGER 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	DIRECTOR NONE	0.	0.	0.
TRACY M. LEININGER 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	DIRECTOR NONE	0.	0.	0.

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STATEMENT 10 (CONTINUED)
FORM 990-PF, PART VIII, LINE 1
LIST OF OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED	COMPEN- SATION	CONTRI- BUTION TO EBP & DC	EXPENSE ACCOUNT/ OTHER
BRIAN C. LEININGER 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	DIRECTOR NONE	\$ 0.	\$ 0.	\$ 0.
KELLY C. WELCH 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	DIRECTOR NONE	0.	0.	0.
RICHARD H. WELCH 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	DIRECTOR NONE	0.	0.	0.
ROBERT WELCH 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	DIRECTOR NONE	0.	0.	0.
DAVID CRAVEN 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229	PRES/A.SEC/DIR 40	20,840.	563.	3,366.
TOTAL		\$ 116,663.	\$ 2,883.	\$ 9,873.

Covenant Foundation, Inc.

2006 Form 990-PF

EIN 74-2622129

Part XV - Line 3

<u>Recipients</u>	<u>Relation</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
Alpha Omega Institute	NONE	Public Charity	General Funding	5,000 00
Antioch Ministries	NONE	Public Charity	General Funding	14,200 00
Bridge the Gap International	NONE	Public Charity	General Funding	3,600 00
Building A Firm Foundation	NONE	Public Charity	General Funding	18,750 00
Campus Crusade for Christ	NONE	Public Charity	General Funding	200,600 00
Central Christian Church	NONE	Public Charity	General Funding	3,600 00
Commission to Every Nation	NONE	Public Charity	General Funding	2,715 00
Friends for Children Everywhere	NONE	Public Charity	General Funding	17,200 00
Harvest International, Inc	NONE	Public Charity	General Funding	18,000 00
International Christian Mission	NONE	Public Charity	General Funding	6,000 00
Institute in Basic Life Principles	NONE	Public Charity	General Funding	20,000 00
Life Action Ministries	NONE	Public Charity	General Funding	35,000 00
Mercy Ships	NONE	Public Charity	General Funding	20,000 00
Only a Servant Ministries, Inc	NONE	Public Charity	General Funding	12,200 00
Open Doors	NONE	Public Charity	General Funding	10,000 00
Orphans Unlimited	NONE	Public Charity	General Funding	50,000 00
Pacto con Dios Ministry	NONE	Public Charity	General Funding	9,000 00
Pilgrim Institute	NONE	Public Charity	General Funding	10,000 00
Pregnancy Care Center	NONE	Public Charity	General Funding	18,600 00
Proclaiming His Word, Inc	NONE	Public Charity	General Funding	2,400 00
Score International	NONE	Public Charity	General Funding	18,500 00
Singing Hills Ministries	NONE	Public Charity	General Funding	1,600 00
Son-Risen Ministries	NONE	Public Charity	General Funding	3,600 00
Texas Justice Foundation	NONE	Public Charity	General Funding	150,000 00
Texas Public Policy Foundation	NONE	Public Charity	General Funding	25,000 00
Tri- Cities Christian School	NONE	Public Charity	General Funding	14,000 00
Verbo Ministries	NONE	Public Charity	General Funding	6,000 00
Way for Today	NONE	Public Charity	General Funding	8,600 00
Wide Ministries (Dana & Liz Sweet)	NONE	Public Charity	General Funding	7,900 00
World Harvest Missions	NONE	Public Charity	General Funding	4,600 00
YWAM - Garden Valley	NONE	Public Charity	General Funding	19,900 00
YWAM - Guatemala	NONE	Public Charity	General Funding	12,000 00
YWAM - Strategic Frontiers	NONE	Public Charity	General Funding	2,400 00
Africa Renewal Ministries	NONE	Public Charity	General Funding	1,000 00
ALERT	NONE	Public Charity	General Funding	55,000 00
All Nations	NONE	Public Charity	General Funding	1,000 00
Alliance Defense Fund	NONE	Public Charity	General Funding	50,000 00
Alpha Ranch	NONE	Public Charity	General Funding	15,000 00
Altar Ministries	NONE	Public Charity	General Funding	4,800 00
American - Chinese Fellowship	NONE	Public Charity	General Funding	6,000 00
American Family Association	NONE	Public Charity	General Funding	10,000 00
Americans United for Life	NONE	Public Charity	General Funding	10,000 00
Asbury Theological Seminary - Florida	NONE	Public Charity	General Funding	5,000 00
Audio Scripture Ministries	NONE	Public Charity	General Funding	2,000 00
Austin Pregnancy Resource Center	NONE	Public Charity	General Funding	1,000 00
Avant	NONE	Public Charity	General Funding	5,000 00
Awakening for Today Ministry	NONE	Public Charity	General Funding	15,000 00
Bethany Christian Services	NONE	Public Charity	General Funding	5,000 00
Biblical Leadership for Excellence	NONE	Public Charity	General Funding	2,400 00
Bless India Ministries	NONE	Public Charity	General Funding	42,800 00
Bracken Christian School	NONE	Public Charity	General Funding	5,000 00
Broken Walls International, Inc	NONE	Public Charity	General Funding	5,000 00

Covenant Foundation, Inc.

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Part XV - Line 3

<u>Recipients</u>	<u>Relation</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
Camp Forest Springs	NONE	Public Charity	General Funding	6,000 00
Camp Redcloud	NONE	Public Charity	General Funding	10,000 00
CEO Foundation - San Antonio	NONE	Public Charity	General Funding	1,032,333 60
Children's Medical Ministries	NONE	Public Charity	General Funding	5,000 00
Christ To The World Ministries	NONE	Public Charity	General Funding	1,000 00
Christian Academy of San Antonio	NONE	Public Charity	General Funding	2,621,510 00
Christian Families Music Ministry of Texas	NONE	Public Charity	General Funding	25,000 00
Christian Legal Society	NONE	Public Charity	General Funding	20,000 00
Christian Mission to Youth	NONE	Public Charity	General Funding	5,000 00
Christian Outdoor Alliance	NONE	Public Charity	General Funding	9,900 00
Church Under the Bridge	NONE	Public Charity	General Funding	5,000 00
Clebe McClary Evangelistic Association	NONE	Public Charity	General Funding	10,000 00
Community Bible Church	NONE	Public Charity	General Funding	300 00
Coral Ridge Ministries	NONE	Public Charity	General Funding	10,500 00
Creation Expeditions	NONE	Public Charity	General Funding	10,000 00
Creation Moments	NONE	Public Charity	General Funding	5,000 00
Cross Advantage Ministry, Inc	NONE	Public Charity	General Funding	2,000 00
Cure International	NONE	Public Charity	General Funding	20,000 00
CW International Inc	NONE	Public Charity	General Funding	10,000 00
Dayspring International	NONE	Public Charity	General Funding	10,000 00
Educational Research Analysts	NONE	Public Charity	General Funding	10,000 00
Evangel Presbyterian Church	NONE	Public Charity	General Funding	5,000 00
Evangelical Bible Mission	NONE	Public Charity	General Funding	5,000 00
Evangelism Explosion	NONE	Public Charity	General Funding	10,000.00
Faith Comes By Hearing	NONE	Public Charity	General Funding	20,000 00
Faith Mission International	NONE	Public Charity	General Funding	5,000 00
Family Mission International	NONE	Public Charity	General Funding	25,000 00
Family Research Council	NONE	Public Charity	General Funding	25,000 00
F E A S T	NONE	Public Charity	General Funding	63,657 19
Fellowship of Christian Athletes	NONE	Public Charity	General Funding	1,500 00
Fortified Hills Baptist Church	NONE	Public Charity	General Funding	20,000 00
Foundation for Christian Discipleship	NONE	Public Charity	General Funding	2,500 00
Free Market Foundation	NONE	Public Charity	General Funding	100,000 00
Friends of the Bulverde/Spring Branch Library	NONE	Public Charity	General Funding	2,500 00
Full Gospel Businessmen's Fellowship International	NONE	Public Charity	General Funding	1,000 00
Global Learning Strategies	NONE	Public Charity	General Funding	10,000 00
Global Outreach Group	NONE	Public Charity	General Funding	15,000 00
Global Outreach Mission	NONE	Public Charity	General Funding	4,800 00
Gospel of John Mission	NONE	Public Charity	General Funding	10,000 00
Grace International World Outreach	NONE	Public Charity	General Funding	30,000 00
Harvest Evangelistic Association	NONE	Public Charity	General Funding	5,000 00
Harvesting in Spanish (HIS)	NONE	Public Charity	General Funding	5,000 00
Heidi Group	NONE	Public Charity	General Funding	140,000 00
Heritage Children	NONE	Public Charity	General Funding	2,500 00
Hill Country Evangelical Free Church	NONE	Public Charity	General Funding	1,000 00
Hill Country Youth Orchestra, Inc	NONE	Public Charity	General Funding	2,500 00
Home School Foundation	NONE	Public Charity	General Funding	10,000 00
Huisache Avenue Baptist Church	NONE	Public Charity	General Funding	3,500 00
Indian River Presbyterian Church	NONE	Public Charity	General Funding	200 00
Jim Hodges Ministries	NONE	Public Charity	General Funding	15,000 00
Jim Ryun Ministries - Running Camps	NONE	Public Charity	General Funding	2,500 00
Juvenile Diabetes Research Foundation	NONE	Public Charity	General Funding	10,000 00

Covenant Foundation, Inc.

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Part XV - Line 3

<u>Recipients</u>	<u>Relation</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
Kingdom Resources	NONE	Public Charity	General Funding	10,600 00
KSCE - TV	NONE	Public Charity	General Funding	2,500 00
Leaders Unlimited	NONE	Public Charity	General Funding	1,000 00
Lighthouse for Christ Mission	NONE	Public Charity	General Funding	2,500 00
Ligonier Ministries	NONE	Public Charity	General Funding	5,000 00
Living Water International	NONE	Public Charity	General Funding	5,000 00
Love Demonstrated Ministries/Intl Christian Boot Camp	NONE	Public Charity	General Funding	60,000 00
Maranatha Christian Academy	NONE	Public Charity	General Funding	2,500 00
Mayflower Institute	NONE	Public Charity	General Funding	20,000 00
Media Research Center	NONE	Public Charity	General Funding	20,000 00
Medical Institute of Sexual Health	NONE	Public Charity	General Funding	10,000 00
Mercatus Center	NONE	Public Charity	General Funding	10,000 00
Mercy Foundation	NONE	Public Charity	General Funding	5,000 00
Milton & Rose D Friedman Foundation	NONE	Public Charity	General Funding	10,000 00
Miracle Foundation	NONE	Public Charity	General Funding	100,000 00
Mision de Candelilla	NONE	Public Charity	General Funding	10,000 00
Mission Aviation Fellowship	NONE	Public Charity	General Funding	5,000 00
Mission of Joy	NONE	Public Charity	General Funding	25,000 00
National Coalition for the Protection of Chldrn & Families'	NONE	Public Charity	General Funding	10,000 00
National Council Bible Curriculum Public Schools	NONE	Public Charity	General Funding	10,000 00
National Multiple Sclerosis Society	NONE	Public Charity	General Funding	1,000 00
Navigators	NONE	Public Charity	General Funding	7,200 00
New Centurions	NONE	Public Charity	General Funding	10,000 00
New Haven Ministries	NONE	Public Charity	General Funding	5,000 00
New Life Ministries	NONE	Public Charity	General Funding	500 00
New St Andrews College	NONE	Public Charity	General Funding	5,000 00
New Tribes Missions	NONE	Public Charity	General Funding	10,000 00
Oil of Joy Mourning	NONE	Public Charity	General Funding	3,000 00
Overseas Council International (Indianapolis)	NONE	Public Charity	General Funding	5,000 00
Parents Television Council	NONE	Public Charity	General Funding	10,000 00
Patrick Henry College	NONE	Public Charity	General Funding	436,636 00
Persecution Project	NONE	Public Charity	General Funding	10,000 00
Pipe Creek Christian School	NONE	Public Charity	General Funding	5,000 00
Potters Home Ministry (San Antonio)	NONE	Public Charity	General Funding	5,000 00
Rafiki Foundation, Inc	NONE	Public Charity	General Funding	500,000 00
Regents University	NONE	Public Charity	General Funding	10,000 00
RescueNet International	NONE	Public Charity	General Funding	2,400 00
Restoring the Foundations	NONE	Public Charity	General Funding	10,000 00
Revive Our Hearts	NONE	Public Charity	General Funding	55,000 00
River City Christian School	NONE	Public Charity	General Funding	10,000 00
Samartan Aviation	NONE	Public Charity	General Funding	20,000 00
San Antonio Christian School	NONE	Public Charity	General Funding	15,000 00
San Antonio Stock and Rodeo	NONE	Public Charity	General Funding	3,000 00
Second Baptist School (Houston)	NONE	Public Charity	General Funding	20,597 00
Second Reformed Presbyterian Church of Indianapolis)	NONE	Public Charity	General Funding	1,600 00
Serve International	NONE	Public Charity	General Funding	2,000 00
Southeastern Legal Foundation	NONE	Public Charity	General Funding	5,000 00
SPECS/spects Educational Video, Inc	NONE	Public Charity	General Funding	75,000 00
Still Water Christian Ministries	NONE	Public Charity	General Funding	5,000 00
Surpassing Grace	NONE	Public Charity	General Funding	2,500 00
Teen Challenge International - Eureka, CA	NONE	Public Charity	General Funding	1,000 00
Teen Challenge International - Olathe, CO	NONE	Public Charity	General Funding	7,500 00

Covenant Foundation, Inc.

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Part XV - Line 3

<u>Recipients</u>	<u>Relation</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
Teen Challenge San Antonio	NONE	Public Charity	General Funding	1,000 00
The Bible League	NONE	Public Charity	General Funding	5,000 00
The Foundation for American Christian Education	NONE	Public Charity	General Funding	5,000 00
The Institute of Public Health & Education Res	NONE	Public Charity	General Funding	10,000 00
Touch the World Ministries	NONE	Public Charity	General Funding	75,000 00
Transformation	NONE	Public Charity	General Funding	2,000 00
Turning Hearts Ministry, Inc	NONE	Public Charity	General Funding	5,000 00
Upper Room Ministries	NONE	Public Charity	General Funding	2,500 00
Vida Nueva Ministries	NONE	Public Charity	General Funding	2,500 00
Village Ministries International - OK	NONE	Public Charity	General Funding	7,500 00
Vision Forum Ministries	NONE	Public Charity	General Funding	10,000 00
Wales Goebel Ministry	NONE	Public Charity	General Funding	5,000 00
Wall Builder Presentations, Inc	NONE	Public Charity	General Funding	10,000 00
Westwood Ministries	NONE	Public Charity	General Funding	3,500 00
Wheels of Love	NONE	Public Charity	General Funding	10,000 00
Whetstone Ministries	NONE	Public Charity	General Funding	25,000 00
Women's Neighborhood Prayer International	NONE	Public Charity	General Funding	1,500 00
World Craniofacial Foundation	NONE	Public Charity	General Funding	25,000 00
Wycliffe Bible Translators	NONE	Public Charity	General Funding	20,000 00

TOTAL**\$ 7,182,198.79**

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only **Part II** and check this box ☒ **Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1)

Part II Additional (not automatic) 3-Month Extension of Time. You must file original and one copy.

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization COVENANT FOUNDATION	Employer identification number 74 2622129
	Number, street, and room or suite no. If a P.O. box, see instructions. 8122 DATAPOINT DR., STE 1000	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. SAN ANTONIO, TX 78229-3273	

Check type of return to be filed (File a separate application for each return):

- | | | | |
|--------------------------------------|---|--------------------------------------|------------------------------------|
| <input type="checkbox"/> Form 990 | <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 4720 | <input type="checkbox"/> Form 8870 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 5227 | |

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of
- CHARLES A STAFFEL**

Telephone No. **(210) 614-7051** FAX No. **(210) 614-8276**

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.

- 4 I request an additional 3-month extension of time until **NOVEMBER 15**, 20**07**.
- 5 For calendar year **2006**, or other tax year beginning _____, 20____, and ending _____, 20____.
- 6 If this tax year is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period
- 7 State in detail why you need the extension **ADDITIONAL TIME IS REQUESTED TO COMPILE ACCURATE FINANCIAL INFORMATION TO COMPLETE THE TAX RETURN**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a \$ 80000
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b \$ 80000
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c \$ 0

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature **Nancy A Dickey** Title **CPA** Date **8/6/07****Notice to Applicant. (To Be Completed by the IRS)**

- ☐ We have approved this application. Please attach this form to the organization's return.
- ☐ We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- ☐ We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- ☐ We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested.
- ☐ Other _____

Director _____ By _____ Date _____

Alternate Mailing Address. Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	City or town, province or state, and country (including postal or ZIP code)