

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

OMB No 1545-0052

2005

Department of the Treasury  
Internal Revenue Service

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

For calendar year 2005, or tax year beginning , 2005, 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 foundation

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

\$ 33,729,727.

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)

REVENUE

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

23,754.

23,754.

N/A

4 Dividends and interest from securities

430,460.

430,460.

5a Gross rents

b Net rental income or (loss)

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

-640,852.

STATEMENT 1

b Gross sales price for all assets on line 6a 11,472,936.

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

6,856,081.

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)

11 Other income (attach schedule)

SEE STATEMENT 2

320,964.

141,446.

12 Total. Add lines 1 through 11

134,326.

7,451,741.

13 Compensation of officers, directors, trustees, etc

95,115.

14 Other employee salaries and wages

15 Pension plans, employee benefits

2,423.

16a Legal fees (attach schedule)

b Accounting fees (attach sch) SEE ST 3

2,634.

c Other prof fees (attach sch)

17 Interest

668,710.

668,710.

18 Taxes (attach schedule) SEE STMT 4

121,228.

5,010.

19 Depreciation (attach schedule) and depletion

617.

20 Occupancy

21 Travel, conferences, and meetings

22 Printing and publications

23 Other expenses (attach schedule)

SEE STATEMENT 5

288,895.

265,394.

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

1,179,622.

939,114.

25 Contributions, gifts, grants paid PART XV

10,804,087.

10,804,087.

26 Total expenses and disbursements.

11,983,709.

939,114.

10,804,087.

Add lines 24 and 25

a Excess of revenue over expenses and disbursements

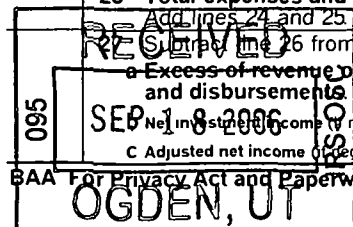
-11,849,383.

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

6,512,627.

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

ADMINISTRATIVE AND OPERATING EXPENSES



ORIGINAL

SCANNED SEP 27 2006

Part II Balance Sheets		Beginning of year	End of year	
			(a) Book Value	(b) Book Value
A s s e t s	1 Cash — non-interest-bearing	136,249.	104,091.	104,091.
	2 Savings and temporary cash investments	1,454,723.	13,843.	13,843.
	3 Accounts receivable <span style="float:right">275.</span>			
	Less: allowance for doubtful accounts <span style="float:right">275.</span>	77,000.	275.	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	25,547.		
	10a Investments — U S and state government obligations (attach schedule)			
	b Investments — corporate stock (attach schedule) STATEMENT 6	29,743,993.	19,103,750.	9,940,000.
	c Investments — corporate bonds (attach schedule)	496,925.		
	11 Investments — land, buildings, and equipment basis			
L i a b i l i t i e s	Less: accumulated depreciation (attach schedule)			
	12 Investments — mortgage loans			
	13 Investments — other (attach schedule) STATEMENT 7	19,584,359.	20,995,711.	23,669,483.
	14 Land, buildings, and equipment basis <span style="float:right">4,640.</span>			
	Less: accumulated depreciation (attach schedule) SEE STMT 8 <span style="float:right">2,605.</span>	462.	2,035.	2,035.
	15 Other assets (describe <span style="float:right">)</span>			
	16 Total assets (to be completed by all filers — see instructions. Also, see page 1, item I)	51,519,258.	40,219,705.	33,729,727.
	17 Accounts payable and accrued expenses	2,006.	1,836.	
	18 Grants payable			
	19 Deferred revenue			
N e t A s s e t B a l a n c e s	20 Loans from officers, directors, trustees, & other disqualified persons. ST 9		550,000.	
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe <span style="float:right">)</span>			
	23 Total liabilities (add lines 17 through 22)	2,006.	551,836.	
	Organizations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Organizations 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	51,517,252.	39,667,869.	
	30 Total net assets or fund balances (see instructions)	51,517,252.	39,667,869.	
	31 Total liabilities and net assets/fund balances (see instructions)	51,519,258.	40,219,705.	

## 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	51,517,252.
2 Enter amount from Part I, line 27a	2	-11,849,383.
3 Other increases not included in line 2 (itemize) <span style="float:right">)</span>	3	
4 Add lines 1, 2, and 3	4	39,667,869.
5 Decreases not included in line 2 (itemize) <span style="float:right">)</span>	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	39,667,869.

**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 SEE STATEMENT 10

b

c

d

e

(e) Gross sales price

(f) Depreciation allowed  
(or allowable)(g) Cost or other basis  
plus expense of sale(h) Gain or (loss)  
(e) plus (f) minus (g)

a

b

c

d

e

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

(i) 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(l) Gains (Column (h)  
gain minus column (k), but not less  
than -0-) or Losses (from column (h))

a

b

c

d

e

2 Capital gain net income or (net capital loss)

If gain, also enter in Part I, line 7  
If (loss), enter -0- in Part I, line 7

2

6,856,081.

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

5,528,461.

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

☐ Yes☒ No

If 'Yes,' the organization 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))
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
2000	14,260,550.	54,948,627.	0.259525

2 Total of line 1, column (d)

2

1.401701

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

0.280340

4 Enter the net value of noncharitable-use assets for 2005 from Part X, line 5.

4

41,536,641.

5 Multiply line 4 by line 3

5

11,644,382.

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

6

65,126.

7 Add lines 5 and 6

7

11,709,508.

8 Enter qualifying distributions from Part XII, line 4

8

10,804,087.

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 organizations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b		1 130,253.
c All other domestic organizations 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		3 130,253.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4 0.
5 <b>Tax based on investment income.</b> Subtract line 4 from line 3 If zero or less, enter -0-		5 130,253.
6 Credits/Payments		
a 2005 estimated tax pmts and 2004 overpayment credited to 2005	6a 65,472.	
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 34.	
7 Total credits and payments Add lines 6a through 6d	7 65,506.	
8 Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8 1,876.	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9 66,623.	
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11 Enter the amount on line 10 to be Credited to 2006 estimated tax Refunded	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1 a During the tax year, did the organization 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)? <i>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 organization in connection with the activities</i>		X
c Did the organization file <b>Form 1120-POL</b> for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the organization \$ 0. (2) On organization managers \$ 0.		
e Enter the reimbursement (if any) paid by the organization during the year for political expenditure tax imposed on organization managers \$ 0.		
2 Has the organization engaged in any activities that have not previously been reported to the IRS? <i>If 'Yes,' attach a detailed description of the activities</i>		X
3 Has the organization made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
b If 'Yes,' has it filed a tax return on <b>Form 990-T</b> for this year?	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If 'Yes,' attach the statement required by General Instruction T</i>		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 organization have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	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 organization furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? <i>If 'No,' attach explanation</i>	X	
9 Is the organization claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2005 or the taxable year beginning in 2005 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X
11 Did the organization comply with the public inspection requirements for its annual returns and exemption application? Web site address N/A	X	
12 The books are in care of CHARLES A. STAFFEL Telephone no 210-614-7051 Located at 8122 DATAPOINT DR #1000, SAN ANTONIO TX ZIP + 4 78229-3270		
13 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of <b>Form 1041</b> – Check here N/A and enter the amount of tax-exempt interest received or accrued during the year 13 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
<b>1 a</b> During the year did the organization (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 checked="" type="checkbox"/> Yes <input 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? ( <b>Exception.</b> Check 'No' if the organization 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>b</b> If any answer is 'Yes' to 1a(1)-(6), did <b>any</b> 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)?	<b>1 b</b>	X
Organizations relying on a current notice regarding disaster assistance check here	<input type="checkbox"/>	
<b>c</b> Did the organization 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 2005?	<b>1 c</b>	X
<b>2</b> Taxes on failure to distribute income (section 4942) (does not apply for years the organization was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
<b>a</b> At the end of tax year 2005, did the organization have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2005?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
If 'Yes,' list the years	20__ , 20__ , 20__ , 20__	
<b>b</b> Are there any years listed in 2a for which the organization is <b>not</b> 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 <b>all</b> years listed, answer 'No' and attach statement — see instructions)	<b>2 b</b>	N/A
<b>c</b> If the provisions of section 4942(a)(2) are being applied to <b>any</b> of the years listed in 2a, list the years here	20__ , 20__ , 20__ , 20__	
<b>3 a</b> Did the organization 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>b</b> If 'Yes,' did it have excess business holdings in 2005 as a result of (1) any purchase by the organization 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 organization had excess business holdings in 2005)	<b>3 b</b>	N/A
<b>4 a</b> Did the organization invest during the year any amount in a manner that would jeopardize its charitable purposes?	<b>4 a</b>	X
<b>b</b> Did the organization 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 2005?	<b>4 b</b>	X
<b>5 a</b> During the year did the organization pay or incur any amount to:		
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>b</b> If any answer is 'Yes' to 5a(1)-(5), did <b>any</b> 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)?	<b>5 b</b>	N/A
Organizations relying on a current notice regarding disaster assistance check here	<input type="checkbox"/>	
<b>c</b> If the answer is 'Yes' to question 5a(4), does the organization claim exemption from the tax because it maintained expenditure responsibility for the grant?	N/A <input type="checkbox"/> Yes <input type="checkbox"/> No	
If 'Yes,' attach the statement required by Regulations section 53.4945-5(d)		
<b>6 a</b> Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
<b>b</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>6 b</b>	X
If you answered 'Yes' to 6b, also file Form 8870		

**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 11		95,115.	2,423.	6,209.

**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 ▶**3 Five highest-paid independent contractors for professional services — (see instructions). If none, enter 'NONE.'**

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

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

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

	Expenses
1 N/A	
2	
3	
4	

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

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

**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	19,254,123.
b Average of monthly cash balances	1b	546,578.
c Fair market value of all other assets (see instructions)	1c	22,368,478.
d <b>Total</b> (add lines 1a, b and c)	1d	42,169,179.
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	42,169,179.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	632,538.
5 <b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	41,536,641.
6 <b>Minimum investment return.</b> Enter 5% of line 5	6	2,076,832.

**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	2,076,832.
2a Tax on investment income for 2005 from Part VI, line 5	2a	130,253.
b Income tax for 2005 (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	130,253.
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	1,946,579.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	1,946,579.
6 Deduction from distributable amount (see instructions)	6	
7 <b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,946,579.

**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	10,804,087.
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 <b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	10,804,087.
5 Organizations 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 <b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	10,804,087.

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

**Part XIII** Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2004	(c) 2004	(d) 2005
1 Distributable amount for 2005 from Part XI, line 7				1,946,579.
2 Undistributed income, if any, as of the end of 2004				
a Enter amount for 2004 only			0.	
b Total for prior years. 20__, 20__, 20__		0.		
3 Excess distributions carryover, if any, to 2005.				
a From 2000	11,918,594.			
b From 2001	4,477,751.			
c From 2002	10,665,043.			
d From 2003	7,944,970.			
e From 2004	6,619,532.			
f Total of lines 3a through e	41,625,890.			
4 Qualifying distributions for 2005 from Part XII, line 4 ▶ \$ 10,804,087.				
a Applied to 2004, 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 2005 distributable amount				1,946,579.
e Remaining amount distributed out of corpus	8,857,508.			
5 Excess distributions carryover applied to 2005 (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	50,483,398.			
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 2004 Subtract line 4a from line 2a Taxable amount — see instructions			0.	
f Undistributed income for 2005 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2006				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 2000 not applied on line 5 or line 7 (see instructions)	11,918,594.			
9 Excess distributions carryover to 2006. Subtract lines 7 and 8 from line 6a	38,564,804.			
10 Analysis of line 9				
a Excess from 2001	4,477,751.			
b Excess from 2002	10,665,043.			
c Excess from 2003	7,944,970.			
d Excess from 2004	6,619,532.			
e Excess from 2005	8,857,508.			



N/A

- b**
- Check box to indicate whether the organization is a private operating foundation described in section
- ☐
- 4942(j)(3) or

**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**

## 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 organization only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the organization 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	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i> SEE SCHEDULE			SEE SCHEDULE	10,804,087.
<b>Total</b>				<b>▶ 3a 10,804,087.</b>
<i>b Approved for future payment</i>				
<b>Total</b>				<b>▶ 3b</b>

**Part XVI-A Analysis of Income-Producing Activities**

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	11,184.	14	12,570.	
4 Dividends and interest from securities			14	430,460.	
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	143,425.	18	-784,277.	
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	178,593.	14		
b PTRSHP INCOME-MAJESTY I L			14	141,446.	
c TAX EXEMPT INCOME			14	925.	
d					
e					
12 Subtotal Add columns (b), (d), and (e)		333,202.		-198,876.	
13 Total. Add line 12, columns (b), (d), and (e)					13 134,326.

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

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

[illegible]

<b>Part XVII</b>	<b>Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations</b>
------------------	--

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

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

[illegible]


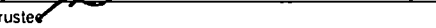
**2a** Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

☐ Yes ☒ No

**b** If 'Yes,' complete the following schedule

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

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

SIGN HERE	 Signature of officer or trustee		9/1/04 Date	TREASURER Title		
	Paid Pre- parer's Use Only	Preparer's signature 		Date 8/23/06	Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN (See instructions) P00116714
		Firm's name (or yours if self employed), address, and ZIP code LYNNETTE BURCK CPA 8200 IH-10 WEST, SUITE 915 SAN ANTONIO, TX 78230		EIN ▶ 74-2588100		Phone no ▶ (210) 344-8847

**BAA**

Form 990-PF (2005)

## 2005

**Partner's Share of Income, Deductions, Credits, etc.** ▶ See back of form and separate instructions

**BOX 11, CODE F - OTHER INCOME (LOSS)**

NET ORDINARY INCOME FROM TRADE OR BUSINESS ACTIVITY BEFORE DIVIDEND INCOME (SEE SEPARATE FOOTNOTE BELOW FOR DETAILS) (1040 FILERS ENTER ON SCH E, PART II, INCOME COL J, (LOSS) COL H)	297,748
TOTAL ORDINARY TRADE OR BUSINESS DIVIDENDS (1040 FILERS ENTER ON FORM 1040, LINE 9A) (SEE SUPPLEMENTAL FOOTNOTE)	118,952
ORDINARY INCOME: SECURITIES TRADER MTM ELECTION PER I R C SECTION 475 (F) (1040 FILERS ENTER ON FORM 4797, PART II, LINE 10)	48,037
TRADE OR BUSINESS CAPITAL GAINS (LOSSES)	
NET SHORT-TERM CAPITAL GAIN (LOSS) (1040 FILERS ENTER ON SCH D, LINE 5, COL F)	440,458
NET LONG-TERM CAPITAL GAIN (LOSS) (1040 FILERS ENTER ON SCH D, LINE 12, COL F)	413,913
TOTAL OTHER INCOME (LOSS)	<u>1,319,108</u>

**DETAIL OF NET ORDINARY INCOME (LOSS) FROM TRADE OR BUSINESS ACTIVITY BEFORE  
DIVIDEND INCOME INCLUDED ON SCH K-1, BOX 11, CODE F**

U S GOVERNMENT INTEREST INCOME	21,152
INTEREST INCOME	613,376
IRC SEC 988 INCOME (LOSS) (FOREIGN CURRENCIES)	9,222
OTHER TRADE OR BUSINESS EXPENSES	(353,011)
OTHER ORDINARY INCOME	7,009
TOTAL ORDINARY INCOME (LOSS)	<u>297,748</u>

**SUPPLEMENTAL FOOTNOTE - DIVIDEND INCOME INCLUDED ON SCH. K-1, BOX 11, CODE F:**

QUALIFIED DIVIDENDS (1040 FILERS ENTER ON FORM 1040, LINE 9B)	35,599
--	--------

**BOX 13, CODE H - INVESTMENT INTEREST EXPENSE**

INVESTMENT INTEREST EXPENSE RELATED TO INVESTING ACTIVITIES	84,764
INVESTMENT INTEREST EXPENSE RELATED TO TRADING ACTIVITIES	610,561
TOTAL INVESTMENT INTEREST EXPENSE	<u>695,325</u>

**BOX 13, CODE K - DEDUCTIONS - PORTFOLIO (2% FLOOR)**

OTHER PORTFOLIO DEDUCTIONS	248,876
TOTAL DEDUCTIONS - PORTFOLIO (2% FLOOR)	<u>248,876</u>

**BOX 15, CODE U - OTHER CREDITS**

U S WITHHOLDING TAX	34
TOTAL OTHER CREDITS	<u>34</u>

**Underpayment of Estimated Tax by Corporations****2005**Department of the Treasury  
Internal Revenue Service▶ See separate instructions.  
▶ Attach to the corporation's tax return.

Name **COVENANT FOUNDATION, INC.** Employer identification number **74-2622129**

**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**

<b>1</b> Total tax (see instructions)	<b>1</b>	130,253.
<b>2a</b> Personal holding company tax (Schedule PH (Form 1120), line 26) included on line 1	<b>2 a</b>	
<b>b</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	<b>2 b</b>	
<b>c</b> Credit for Federal tax paid on fuels (see instructions)	<b>2 c</b>	
<b>d Total.</b> Add lines 2a through 2c	<b>2 d</b>	
<b>3</b> Subtract line 2d from line 1. If the result is less than \$500, <b>do not</b> complete or file this form. The corporation does not owe the penalty.	<b>3</b>	130,253.
<b>4</b> Enter the tax shown on the corporation's 2004 income tax return (see instructions). <b>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.</b>	<b>4</b>	16,886.
<b>5 Required Annual Payment.</b> Enter the <b>smaller</b> of line 3 or line 4. If the corporation is required to skip line 4, enter the amount from line 3.	<b>5</b>	16,886.

**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)
<b>9 Installment due dates.</b> Enter in columns (a) through (d) the 15th day of the 4th ( <b>Form 990 — PF filers:</b> Use 5th month), 6th, 9th, and 12th months of the corporation's tax year	<b>9</b> 5/15/05	6/15/05	9/15/05	12/15/05
<b>10 Required installments.</b> 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	<b>10</b> 3,401.	3,402.	3,401.	120,049.
<b>11</b> Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15	<b>11</b> 8,472.		32,000.	25,000.
<b>Complete lines 12 through 18 of one column before going to the next column.</b>				
<b>12</b> Enter amount, if any, from line 18 of the preceding column	<b>12</b>	5,071.	1,669.	30,268.
<b>13</b> Add lines 11 and 12	<b>13</b>	5,071.	33,669.	55,268.
<b>14</b> Add amounts on lines 16 and 17 of the preceding column	<b>14</b>			
<b>15</b> Subtract line 14 from line 13. If zero or less, enter -0-	<b>15</b> 8,472.	5,071.	33,669.	55,268.
<b>16</b> If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0-	<b>16</b>	0.	0.	
<b>17 Underpayment.</b> 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	<b>17</b>			64,781.
<b>18 Overpayment.</b> If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column	<b>18</b> 5,071.	1,669.	30,268.	

**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 (2005)

**Part IV Figuring the Penalty**

	(a)	(b)	(c)	(d)
<b>19</b> 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)	<b>19</b>			5/15/06
<b>20</b> Number of days from due date of installment on line 9 to the date shown on line 19	<b>20</b>			151
<b>21</b> Number of days on line 20 after 4/15/2005 and before 10/1/2005	<b>21</b>			
<b>22</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 21}}{365}$ $\times$ 6%	<b>22</b>			
<b>23</b> Number of days on line 20 after 9/30/2005 and before 4/1/2006	<b>23</b>			106
<b>24</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 23}}{365}$ $\times$ 7%	<b>24</b>			1,316.92
<b>25</b> Number of days on line 20 after 3/31/2006 and before 7/1/2006	<b>25</b>			45
<b>26</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 25}}{365}$ $\times$ 7%	<b>26</b>			559.07
<b>27</b> Number of days on line 20 after 6/30/2006 and before 10/1/2006	<b>27</b>			
<b>28</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 27}}{365}$ $\times$ *%	<b>28</b>			
<b>29</b> Number of days on line 20 after 9/30/2006 and before 1/1/2007	<b>29</b>			
<b>30</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 29}}{365}$ $\times$ *%	<b>30</b>			
<b>31</b> Number of days on line 20 after 12/31/2006 and before 2/16/2007	<b>31</b>			
<b>32</b> Underpayment on line 17 $\times$ $\frac{\text{Number of days on line 31}}{365}$ $\times$ *%	<b>32</b>			
<b>33</b> Add lines 22, 24, 26, 28, 30, and 32	<b>33</b>			1,875.99
<b>34</b> <b>Penalty.</b> 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			<b>34</b>	1,876.

**\*For underpayments paid after March 31, 2006:** 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](http://www.irs.gov). You can also call 1-800-829-4933 to get interest rate information.



<b>Part II Annualized Income Installment Method</b>		(a)	(b)	(c)	(d)
<b>20</b> Annualization periods (see instructions)	<b>20</b>	First 2 months	First 3 months	First 6 months	First 9 months
<b>21</b> Enter taxable income for each annualization period (see instructions)	<b>21</b>	113,374.	170,061.	340,122.	6,342,566.
<b>22</b> Annualization amounts (see instructions)	<b>22</b>	6	4	2	1.33333
<b>23</b> Annualized taxable income Multiply line 21 by line 22	<b>23</b>	680,244.	680,244.	680,244.	8,456,734.
<b>24</b> Figure the tax on the amount on line 23 using the instructions for Form 1120, Schedule J, line 3 (or comparable line of corporation's return)	<b>24</b>	13,605.	13,605.	13,605.	169,135.
<b>25</b> Enter any alternative minimum tax for each payment period (see instructions)	<b>25</b>				
<b>26</b> Enter any other taxes for each payment period (see instructions)	<b>26</b>				
<b>27</b> Total tax Add lines 24 through 26	<b>27</b>	13,605.	13,605.	13,605.	169,135.
<b>28</b> For each period, enter the same type of credits as allowed on Form 2220, lines 1 and 2c (see instructions)	<b>28</b>				
<b>29</b> Total tax after credits Subtract line 28 from line 27 If zero or less, enter -0-	<b>29</b>	13,605.	13,605.	13,605.	169,135.
<b>30</b> Applicable percentage	<b>30</b>	25%	50%	75%	100%
<b>31</b> Multiply line 29 by line 30	<b>31</b>	3,401.	6,803.	10,204.	169,135.

**Part III Required Installments**

<b>Note: Complete lines 32 through 38 of one column before completing the next column</b>		1st installment	2nd installment	3rd installment	4th installment
<b>32</b> 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 <b>smaller</b> of the amounts in each column from line 19 or line 31	<b>32</b>	3,401.	6,803.	10,204.	169,135.
<b>33</b> Add the amounts in all preceding columns of line 38 (see instructions)	<b>33</b>		3,401.	6,803.	10,204.
<b>34</b> <b>Adjusted seasonal or annualized income installments.</b> Subtract line 33 from line 32. If zero or less, enter -0-	<b>34</b>	3,401.	3,402.	3,401.	158,931.
<b>35</b> Enter 25% of line 5 on page 1 of Form 2220 in each column ( <b>Note:</b> 'Large corporations,' see the instructions for line 10 for the amounts to enter)	<b>35</b>	4,222.	60,905.	32,563.	32,563.
<b>36</b> Subtract line 38 of the preceding column from line 37 of the preceding column	<b>36</b>		821.	58,324.	87,486.
<b>37</b> Add lines 35 and 36	<b>37</b>	4,222.	61,726.	90,887.	120,049.
<b>38</b> <b>Required installments.</b> Enter the smaller of line 34 or line 37 here and on page 1 of Form 2220, line 10 (see instructions)	<b>38</b>	3,401.	3,402.	3,401.	120,049.

**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 <b>COVENANT FOUNDATION, INC</b>	Identifying number (see page 2 of instructions) <b>74-2622129</b>
Number, street, and room or suite no (If a P O box, see page 2 of instructions) <b>8122 DATAPOINT DR, #1000</b>	Shareholder tax year calendar year 20 <b>05</b> or other tax year beginning _____, 20____ and ending _____, 20____
City or town, state, and ZIP code or country <b>SAN ANTONIO, TX 78229-3270</b>	
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) <b>RIS HOLDING LTD</b>	Employer identification number (if any) _____
Address (Enter number, street, city or town, and country) <b>P O BOX 2506 GT GEORGE TOWN, GRAND CAYMAN</b>	Tax year of company or fund calendar year 20 <b>05</b> 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.)

<b>1a</b> Enter your pro rata share of the ordinary earnings of the QEF	<b>1a</b>		
<b>b</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)	<b>1b</b>		
<b>c</b> Subtract line 1b from line 1a. Enter this amount on your tax return as dividend income		<b>1c</b>	<b>0</b>
<b>2a</b> Enter your pro rata share of the total net capital gain of the QEF	<b>2a</b>	<b>39</b>	
<b>b</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)	<b>2b</b>		
<b>c</b> 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.)		<b>2c</b>	<b>39</b>
<b>3a</b> Add lines 1c and 2c		<b>3a</b>	
<b>b</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.)	<b>3b</b>		
<b>c</b> 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	<b>3c</b>		
<b>d</b> Add lines 3b and 3c		<b>3d</b>	
<b>e</b> Subtract line 3d from line 3a, and enter the difference (if zero or less, enter amount in brackets). <b>Important:</b> 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.		<b>3e</b>	
<b>4a</b> Enter the total tax for the tax year. (See instructions.)	<b>4a</b>		
<b>b</b> Enter the total tax for the tax year determined without regard to the amount entered on line 3e	<b>4b</b>		
<b>c</b> Subtract line 4b from line 4a. <b>This is the deferred tax, the time for payment of which is extended by making Election D. See instructions.</b>		<b>4c</b>	

For Paperwork Reduction Act Notice, see page 7 of separate instructions.

Form **8621** (Rev 12-2004)

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

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

**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).

<b>10a</b> 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	<b>10a</b>	
<b>b</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)	<b>10b</b>	
<b>c</b> Divide line 10b by 3. (See instructions if the number of preceding tax years is less than 3.)	<b>10c</b>	0
<b>d</b> Multiply line 10c by 125% (1.25)	<b>10d</b>	0
<b>e</b> 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, <b>do not</b> 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.	<b>10e</b>	0
<b>f</b> 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 <b>do not</b> complete line 11	<b>10f</b>	
<b>11a</b> 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>b</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.	<b>11b</b>	
<b>c</b> 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.)	<b>11c</b>	
<b>d</b> Foreign tax credit. (See instructions.)	<b>11d</b>	
<b>e</b> Subtract line 11d from line 11c. Enter this amount on your income tax return as "additional tax." (See instructions.)	<b>11e</b>	0
<b>f</b> 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.)	<b>11f</b>	

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

**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 <b>COVENANT FOUNDATION, INC</b>	Identifying number (see page 2 of instructions) <b>74-2622129</b>
Number, street, and room or suite no. (If a P.O. box, see page 2 of instructions) <b>8122 DATAPOINT DR, #1000</b>	Shareholder tax year: calendar year 20 <b>05</b> or other tax year beginning _____, 20__ and ending _____, 20__
City or town, state, and ZIP code or country <b>SAN ANTONIO, TX 78229-3270</b>	
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) <b>EUROCASTLE INVESTMENT LIMITED</b>	Employer identification number (if any)
Address (Enter number, street, city or town, and country) <b>BOROUGH HOUSE, ST PETER PORT GUERNSEY GY1 3RH</b>	Tax year of company or fund: calendar year 20 <b>05</b> 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.)

<b>1a</b> Enter your pro rata share of the ordinary earnings of the QEF	<b>1a</b>	963	
<b>b</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)	<b>1b</b>		
<b>c</b> Subtract line 1b from line 1a. Enter this amount on your tax return as dividend income	<b>1c</b>		963
<b>2a</b> Enter your pro rata share of the total net capital gain of the QEF	<b>2a</b>		
<b>b</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)	<b>2b</b>		
<b>c</b> 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.)	<b>2c</b>		0
<b>3a</b> Add lines 1c and 2c	<b>3a</b>		
<b>b</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.)	<b>3b</b>		
<b>c</b> 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	<b>3c</b>		
<b>d</b> Add lines 3b and 3c	<b>3d</b>		
<b>e</b> Subtract line 3d from line 3a, and enter the difference (if zero or less, enter amount in brackets). <b>Important:</b> 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.	<b>3e</b>		
<b>4a</b> Enter the total tax for the tax year. (See instructions.)	<b>4a</b>		
<b>b</b> Enter the total tax for the tax year determined without regard to the amount entered on line 3e	<b>4b</b>		
<b>c</b> Subtract line 4b from line 4a. <b>This is the deferred tax, the time for payment of which is extended by making Election D. See instructions.</b>	<b>4c</b>		

For Paperwork Reduction Act Notice, see page 7 of separate instructions.

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

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

**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)

<b>10a</b> 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	<b>10a</b>	
<b>b</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)	<b>10b</b>	
<b>c</b> Divide line 10b by 3. (See instructions if the number of preceding tax years is less than 3.)	<b>10c</b>	0
<b>d</b> Multiply line 10c by 125% (1.25)	<b>10d</b>	0
<b>e</b> 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, <b>do not</b> 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.	<b>10e</b>	0
<b>f</b> 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 <b>do not</b> complete line 11.	<b>10f</b>	
<b>11a</b> 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>b</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.	<b>11b</b>	
<b>c</b> 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.)	<b>11c</b>	
<b>d</b> Foreign tax credit. (See instructions.)	<b>11d</b>	
<b>e</b> Subtract line 11d from line 11c. Enter this amount on your income tax return as "additional tax." (See instructions.)	<b>11e</b>	0
<b>f</b> 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.)	<b>11f</b>	

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

**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 <b>COVENANT FOUNDATION, INC</b>	Identifying number (see page 2 of instructions) <b>74-2622129</b>
Number, street, and room or suite no. (If a P.O. box, see page 2 of instructions) <b>8122 DATAPOINT DR, #1000</b>	Shareholder tax year: calendar year 20 <u>05</u> or other tax year beginning _____, 20__ and ending _____, 20__
City or town, state, and ZIP code or country <b>SAN ANTONIO, TX 78229-3270</b>	
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) <b>CARIBBEAN RETAIL OFFSHORE HLDGS PR LTD</b>	Employer identification number (if any)
Address (Enter number, street, city or town, and country) <b>P O BOX 309 GT GEORGE TOWN, GRAND CAYMAN</b>	Tax year of company or fund: calendar year 20 <u>05</u> 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.)

<b>1a</b> Enter your pro rata share of the ordinary earnings of the QEF	<b>1a</b>		
<b>b</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)	<b>1b</b>		
<b>c</b> Subtract line 1b from line 1a. Enter this amount on your tax return as dividend income		<b>1c</b>	0
<b>2a</b> Enter your pro rata share of the total net capital gain of the QEF	<b>2a</b>	12,748	
<b>b</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)	<b>2b</b>		
<b>c</b> 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.)		<b>2c</b>	12,748
<b>3a</b> Add lines 1c and 2c		<b>3a</b>	
<b>b</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.)	<b>3b</b>		
<b>c</b> 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.	<b>3c</b>		
<b>d</b> Add lines 3b and 3c		<b>3d</b>	
<b>e</b> Subtract line 3d from line 3a, and enter the difference (if zero or less, enter amount in brackets). <b>Important:</b> 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.		<b>3e</b>	
<b>4a</b> Enter the total tax for the tax year. (See instructions.)	<b>4a</b>		
<b>b</b> Enter the total tax for the tax year determined without regard to the amount entered on line 3e.	<b>4b</b>		
<b>c</b> Subtract line 4b from line 4a. <b>This is the deferred tax, the time for payment of which is extended by making Election D. See instructions.</b>		<b>4c</b>	

For Paperwork Reduction Act Notice, see page 7 of separate instructions.

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

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

**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).

<b>10a</b> 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	<b>10a</b>	
<b>b</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)	<b>10b</b>	
<b>c</b> Divide line 10b by 3. (See instructions if the number of preceding tax years is less than 3.)	<b>10c</b>	0
<b>d</b> Multiply line 10c by 125% (1.25)	<b>10d</b>	0
<b>e</b> 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, <b>do not</b> 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	<b>10e</b>	0
<b>f</b> 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 <b>do not</b> complete line 11	<b>10f</b>	
<b>11a</b> 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>b</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	<b>11b</b>	
<b>c</b> 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.)	<b>11c</b>	
<b>d</b> Foreign tax credit. (See instructions.)	<b>11d</b>	
<b>e</b> Subtract line 11d from line 11c. Enter this amount on your income tax return as "additional tax." (See instructions.)	<b>11e</b>	0
<b>f</b> 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.)	<b>11f</b>	

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

**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 <b>COVENANT FOUNDATION, INC</b>	Identifying number (see page 2 of instructions) <b>74-2622129</b>
Number, street, and room or suite no. (If a P.O. box, see page 2 of instructions) <b>8122 DATAPOINT DR, #1000</b>	Shareholder tax year: calendar year 20 <u>05</u> or other tax year beginning _____, 20____ and ending _____, 20____
City or town, state, and ZIP code or country <b>SAN ANTONIO, TX 78229-3270</b>	
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) <b>CARIBBEAN RETAIL OFFSHORE HLDGS PR II LTD</b>	Employer identification number (if any) _____
Address (Enter number, street, city or town, and country) <b>P O BOX 309 GT GEORGE TOWN, GRAND CAYMAN</b>	Tax year of company or fund: calendar year 20 <u>05</u> 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.)

<b>1a</b> Enter your pro rata share of the ordinary earnings of the QEF	<b>1a</b>		
<b>b</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)	<b>1b</b>		
<b>c</b> Subtract line 1b from line 1a. Enter this amount on your tax return as dividend income	<b>1c</b>		0
<b>2a</b> Enter your pro rata share of the total net capital gain of the QEF	<b>2a</b>	7,284	
<b>b</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)	<b>2b</b>		
<b>c</b> 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.)	<b>2c</b>		7,284
<b>3a</b> Add lines 1c and 2c	<b>3a</b>		
<b>b</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.)	<b>3b</b>		
<b>c</b> 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	<b>3c</b>		
<b>d</b> Add lines 3b and 3c	<b>3d</b>		
<b>e</b> Subtract line 3d from line 3a, and enter the difference (if zero or less, enter amount in brackets). <b>Important:</b> 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.	<b>3e</b>		
<b>4a</b> Enter the total tax for the tax year. (See instructions.)	<b>4a</b>		
<b>b</b> Enter the total tax for the tax year determined without regard to the amount entered on line 3e	<b>4b</b>		
<b>c</b> 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.	<b>4c</b>		



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

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

**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).

<b>10a</b> 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	<b>10a</b>	
<b>b</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)	<b>10b</b>	
<b>c</b> Divide line 10b by 3. (See instructions if the number of preceding tax years is less than 3.)	<b>10c</b>	0
<b>d</b> Multiply line 10c by 125% (1.25)	<b>10d</b>	0
<b>e</b> 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, <b>do not</b> 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.	<b>10e</b>	0
<b>f</b> 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 <b>do not</b> complete line 11.	<b>10f</b>	
<b>11a</b> 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>b</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.	<b>11b</b>	
<b>c</b> 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.)	<b>11c</b>	
<b>d</b> Foreign tax credit. (See instructions.)	<b>11d</b>	
<b>e</b> Subtract line 11d from line 11c. Enter this amount on your income tax return as "additional tax." (See instructions.)	<b>11e</b>	0
<b>f</b> 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.)	<b>11f</b>	

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

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**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:	143,425.		
COST OR OTHER BASIS:	0.		
		GAIN (LOSS)	143,425.
DESCRIPTION:	COMPUTER		
DATE ACQUIRED:	6/04/2003		
HOW ACQUIRED:	PURCHASE		
DATE SOLD:	6/30/2005		
TO WHOM SOLD:			
GROSS SALES PRICE:	275.		
COST OR OTHER BASIS:	353.		
DEPRECIATION:	0.		
		GAIN (LOSS)	-78.
		TOTAL \$	<u>143,347.</u>

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

NET PTRSHIP INCOME-UBIT	\$	178,593.
PTRSHIP INCOME-MAJESTY I L		141,446.
TAX EXEMPT INCOME		925.
TOTAL	\$	<u>320,964.</u>

**STATEMENT 3**  
**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	\$ 2,634.			
TOTAL	<u>\$ 2,634.</u>	<u>\$ 0.</u>	<u></u>	<u>\$ 0.</u>

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**STATEMENT 4**  
**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	\$ 5,010.	\$ 5,010.		
FORM 990-T REFUND	-2,955.			
FORM 990-T TAXES	43,853.			
MISCELLANEOUS TAXES W/H-PTRSHIP	34.			
PAYROLL TAXES	6,945.			
PROPERTY TAX-FURNITURE	25.			
TAX ON INVESTMENT INCOME	68,316.			
<b>TOTAL</b>	<b>\$ 121,228.</b>	<b>\$ 5,010.</b>		<b>\$ 0.</b>

**STATEMENT 5**  
**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	\$ 15.			
DUES, SUBSCRIPTIONS & FEES	50.			
EMPLOYEE INSURANCE	6,209.			
INVESTMENT FEES	75.	\$ 75.		
MEALS & ENTERTAINMENT	503.			
NONDEDUCTIBLE EXP-PARTNERSHIP	1,667.			
OFFICE EXPENSE	1,608.			
PAYROLL SERVICE FEES	1,971.			
PORTFOLIO FEES-PTRSHIPS	239,350.	239,350.		
POSTAGE	62.			
PTRSHIP DEDUCTIONS	26,125.	25,969.		
TRAVEL	11,260.			
<b>TOTAL</b>	<b>\$ 288,895.</b>	<b>\$ 265,394.</b>		<b>\$ 0.</b>

**STATEMENT 6**  
**FORM 990-PF, PART II, LINE 10B**  
**INVESTMENTS - CORPORATE STOCKS**

CORPORATE STOCKS	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MICROSOFT CORPORATION	COST	\$ 0.	\$ 0.
KINETIC CONCEPTS, INC.	COST	19,103,750.	9,940,000.
<b>TOTAL</b>		<b>\$ 19,103,750.</b>	<b>\$ 9,940,000.</b>

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**STATEMENT 7**  
**FORM 990-PF, PART II, LINE 13**  
**INVESTMENTS - OTHER**

	VALUATION METHOD	VALUE	FAIR MARKET VALUE
<u>OTHER INVESTMENTS</u>			
MAJESTY FUNDS	COST	\$ 18,601,398.	\$ 21,392,817.
CONVERGENT INVESTORS VI, LP	COST	1,773,214.	1,655,567.
COVENANT CLASSICAL SCHOOLS, LLC	COST	621,099.	621,099.
	TOTAL	<u>\$ 20,995,711.</u>	<u>\$ 23,669,483.</u>

**STATEMENT 8**  
**FORM 990-PF, PART II, LINE 14**  
**LAND, BUILDINGS, AND EQUIPMENT**

CATEGORY	BASIS	ACCUM. DEPREC.	BOOK VALUE	FAIR MARKET VALUE
FURNITURE AND FIXTURES	\$ 4,640.	\$ 2,605.	\$ 2,035.	\$ 2,035.
TOTAL	<u>\$ 4,640.</u>	<u>\$ 2,605.</u>	<u>\$ 2,035.</u>	<u>\$ 2,035.</u>

**STATEMENT 9**  
**FORM 990-PF, PART II, LINE 20**  
**LOANS FROM OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES**

BALANCE DUE

LENDER'S NAME: JAMES R LEININGER  
 LENDER'S TITLE:  
 DATE OF NOTE:  
 MATURITY DATE:  
 REPAYMENT TERMS: OPEN ACCOUNT  
 INTEREST RATE:  
 SECURITY PROVIDED: NONE  
 PURPOSE OF LOAN: OPERATING CAPITAL  
 DESC. OF CONSIDERATION:  
 FMV OF CONSIDERATION: 0.  
 ORIGINAL AMOUNT: 0.  
 BALANCE DUE:

\$ 550,000.

TOTAL \$ 550,000.

**STATEMENT 10**  
**FORM 990-PF, PART IV, LINE 1**  
**CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

ITEM	(A) DESCRIPTION	(B) HOW ACQUIRED	(C) DATE ACQUIRED	(D) DATE SOLD
1	GENERAL MOTORS ACCEP-NOTES	PURCHASED	5/22/2002	1/18/2005
2	NUVEEN QUALITY PFD INCOME	PURCHASED	9/10/2003	1/18/2005
3	NUVEEN QUALITY PFD INCOME 2	PURCHASED	9/05/2003	1/18/2005

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**STATEMENT 10 (CONTINUED)**  
**FORM 990-PF, PART IV, LINE 1**  
**CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

ITEM	(A) DESCRIPTION	(B) HOW ACQUIRED	(C) DATE ACQUIRED	(D) DATE SOLD
4	MICROSOFT CORPORATION	PURCHASED	8/25/2004	3/10/2005
5	MICROSOFT CORPORATION	PURCHASED	8/25/2004	4/19/2005
6	MICROSOFT CORPORATION	PURCHASED	8/25/2004	4/22/2005
7	KINETIC CONCEPTS INC.	DONATED	12/31/2004	8/25/2005
8	KINETIC CONCEPTS INC	DONATED	12/31/2004	8/12/2005
9	KINETIC CONCEPTS INC	DONATED	12/31/2004	9/02/2005
10	KINETIC CONCEPTS INC	DONATED	12/31/2004	9/29/2005
11	CONVERGENT INVSTORS VI LP	PURCHASED	VARIOUS	VARIOUS
12	MAJESTY I LP	PURCHASED	VARIOUS	VARIOUS

ITEM	(E) GROSS SALES	(F) DEPREC. ALLOWED	(G) COST BASIS	(H) GAIN (LOSS)	(I) FMV 12/31/69	(J) ADJ. BAS. 12/31/69	(K) EXCESS (I) - (J)	(L) GAIN (LOSS)
1	500,000.		496,925.	3,075.				\$ 3,075.
2	300,000.		300,000.	0.				0.
3	625,000.		625,000.	0.				0.
4	758,375.		817,839.	-59,464.				-59,464.
5	984,155.		1090452.	-106,297.				-106,297.
6	1003558.		1090452.	-86,894.				-86,894.
7	1239734.		175.	1239559.				1239559.
8	48,764.		7.	48,757.				48,757.
9	3382404.		519.	3381885.				3381885.
10	1162701.		519.	1162182.				1162182.
11	0.		51,267.	-51,267.				-51,267.
12	1324545.		0.	1324545.				1324545.
TOTAL								\$ 6856081.

**STATEMENT 11**  
**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
FRANKLIN B. STAGG 8122 DATAPOINT DR, #1000 SAN ANTONIO, TX 78229-3270	PRES/ASSTSEC/DR 40	\$ 95,115.	\$ 2,423.	\$ 6,209.
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	DIRECTOR NONE	0.	0.	0.

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STATEMENT 11 (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
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.
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.
TOTAL		\$ 95,115.	\$ 2,423.	\$ 6,209.

**Covenant Foundation, Inc.**  
**2005 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>
Antioch Ministries	NONE	Public Charity	General Funding	39,000.00
Bridge the Gap International	NONE	Public Charity	General Funding	3,600.00
Building A Firm Foundation	NONE	Public Charity	General Funding	34,999.98
Campus Crusade for Christ	NONE	Public Charity	General Funding	188,900 00
Central Christian Church	NONE	Public Charity	General Funding	11,000.00
Pregnancy Care Center	NONE	Public Charity	General Funding	31,100.00
Champions For Life	NONE	Public Chanty	General Funding	5,000.00
Christian Associates International	NONE	Public Charity	General Funding	3,600.00
Commission to Every Nation	NONE	Public Charity	General Funding	16,685.00
Family Discipleship Ministries	NONE	Public Charity	General Funding	5,000 00
Friends for Children Everywhere	NONE	Public Charity	General Funding	17,200.00
God's Love in Action/Sammy Tippit Ministries	NONE	Public Charity	General Funding	5,000.00
Harvest International, Inc.	NONE	Public Charity	General Funding	36,100.00
International Christian Mission	NONE	Public Chanty	General Funding	3,600 00
Life Action Ministries	NONE	Public Charity	General Funding	25,000.00
Mercy Ships	NONE	Public Charity	General Funding	20,000 00
Oakland Evangelistic Association	NONE	Public Charity	General Funding	800.00
Only a Servant Ministries, Inc.	NONE	Public Charity	General Funding	49,900.00
Open Doors	NONE	Public Charity	General Funding	10,000.00
Pacto con Dios Ministry	NONE	Public Charity	General Funding	12,000.00
Pilgrim Institute	NONE	Public Chanty	General Funding	5,000.00
Proclaiming His Word, Inc.	NONE	Public Charity	General Funding	2,400.00
Singing Hills Ministries	NONE	Public Charity	General Funding	2,400 00
Son-Risen Ministries	NONE	Public Chanty	General Funding	3,600.00
Texas Justice Foundation	NONE	Public Charity	General Funding	125,000.00
Texas Public Policy Foundation	NONE	Public Chanty	General Funding	50,000.00
Tri- Cities Christian School	NONE	Public Charity	General Funding	12,600.00
Verbo Ministries	NONE	Public Charity	General Funding	26,000.00
Way for Today	NONE	Public Charity	General Funding	8,600.00
World Harvest Missions	NONE	Public Charity	General Funding	4,000.00
YWAM - Garden Valley	NONE	Public Chanty	General Funding	15,900 00
YWAM - Guatemala	NONE	Public Chanty	General Funding	14,400.00
YWAM - Strategic Frontiers	NONE	Public Charity	General Funding	2,400 00
Achievers Center for Education	NONE	Public Chanty	General Funding	5,000.00
Advocates International	NONE	Public Charity	General Funding	60,000.00
ALERT	NONE	Public Chanty	General Funding	369,495.00
All Nations	NONE	Public Charity	General Funding	10,000.00
Alliance Defense Fund	NONE	Public Charity	General Funding	35,000.00
Altar Ministries	NONE	Public Chanty	General Funding	19,800 00
American - Chinese Fellowship	NONE	Public Charity	General Funding	6,000.00
Asbury Theological Seminary - Florida	NONE	Public Chanty	General Funding	5,000.00
Assembly of God Word Missions	NONE	Public Charity	General Funding	5,000.00
Austin Pregnancy Resource Center	NONE	Public Chanty	General Funding	2,500.00
Avant	NONE	Public Charity	General Funding	5,000.00
Awakening for Today Ministry	NONE	Public Charity	General Funding	60,000.00
Baseball Club International	NONE	Public Chanty	General Funding	5,000 00
Bible Teaching Ministries	NONE	Public Chanty	General Funding	50,000.00
Biblical Leadership for Excellence	NONE	Public Charity	General Funding	12,400 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>
Bless India Ministries	NONE	Public Charity	General Funding	12,000.00
Blood & Fire Ministries	NONE	Public Charity	General Funding	10,000.00
Bracken Christian School	NONE	Public Charity	General Funding	5,000.00
Broken Walls International, Inc.	NONE	Public Charity	General Funding	5,000.00
Camp Forest Springs	NONE	Public Charity	General Funding	8,000.00
Camp Redcloud	NONE	Public Charity	General Funding	20,000.00
CEO Foundation - San Antonio	NONE	Public Charity	General Funding	1,074,704.75
Children's Shelter of San Antonio	NONE	Public Charity	General Funding	100,000.00
China Outreach Ministries	NONE	Public Charity	General Funding	10,000.00
Christian Academy of San Antonio	NONE	Public Charity	General Funding	4,822,320.00
Christian Legal Society	NONE	Public Charity	General Funding	25,000.00
Christian Outdoor Alliance	NONE	Public Charity	General Funding	32,500.00
Church Resource Ministries	NONE	Public Charity	General Funding	2,000.00
Community Bible Church	NONE	Public Charity	General Funding	300.00
Cook Communications Ministries	NONE	Public Charity	General Funding	10,000.00
Creation Expeditions	NONE	Public Charity	General Funding	10,000.00
Daily Bread Ministries	NONE	Public Charity	General Funding	5,000.00
Dayspring International	NONE	Public Charity	General Funding	50,000.00
Educational Research Analysts	NONE	Public Charity	General Funding	10,000.00
Evangelical Explosion International - South Asia	NONE	Public Charity	General Funding	5,000.00
Evangelical Free Church of America	NONE	Public Charity	General Funding	5,000.00
Evangelical Bible Mission	NONE	Public Charity	General Funding	15,000.00
Evangelism Explosion	NONE	Public Charity	General Funding	5,000.00
Faith Bible Church	NONE	Public Charity	General Funding	10,000.00
Faith Comes By Hearing	NONE	Public Charity	General Funding	20,000.00
Faith Foundation of Central Florida	NONE	Public Charity	General Funding	10,000.00
Faith Mission International	NONE	Public Charity	General Funding	5,000.00
Family Research Council	NONE	Public Charity	General Funding	25,000.00
F.E.A.S.T.	NONE	Public Charity	General Funding	53,290.00
Fellowship of Christian Athletes	NONE	Public Charity	General Funding	5,000.00
First Baptist Church of Borger	NONE	Public Charity	General Funding	2,000.00
First Baptist Church of Monterey	NONE	Public Charity	General Funding	10,000.00
Foundation for Christian Discipleship	NONE	Public Charity	General Funding	2,500.00
Fredericksburg Christian Fellowship	NONE	Public Charity	General Funding	3,000.00
Global Outreach Group	NONE	Public Charity	General Funding	25,000.00
Global Outreach Mission	NONE	Public Charity	General Funding	7,100.00
Global Works	NONE	Public Charity	General Funding	15,000.00
Globe Works International Ministries	NONE	Public Charity	General Funding	2,000.00
Good Samaritan Center	NONE	Public Charity	General Funding	2,000.00
Good Samaritan Ministries/Slavic International Min.	NONE	Public Charity	General Funding	4,000.00
Good Shepherd Ministries, Intl.	NONE	Public Charity	General Funding	5,000.00
Gospel for Asia	NONE	Public Charity	General Funding	5,000.00
Gospel of John Mission	NONE	Public Charity	General Funding	10,000.00
Grace Baptist Church - Hawaii	NONE	Public Charity	General Funding	5,000.00
Grace International World Outreach	NONE	Public Charity	General Funding	15,000.00
Great Commandments Ministries	NONE	Public Charity	General Funding	500.00
Harvest Schools	NONE	Public Charity	General Funding	20,000.00
Harvesting in Spanish (HIS)	NONE	Public Charity	General Funding	5,000.00
Heidi Group	NONE	Public Charity	General Funding	165,000.00



**Covenant Foundation, Inc.**

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EIN 74-2622129

**Part XV - Line 3**

<u>Recipients</u>	<u>Relation</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
Impact Ministries (for New City Church-Uganda)	NONE	Public Charity	General Funding	15,000 00
International Bible Society	NONE	Public Charity	General Funding	5,000.00
Ives Dairy Road Baptist Church	NONE	Public Charity	General Funding	1,500 00
Jim Ryun Ministries - Running Camps	NONE	Public Charity	General Funding	2,500.00
Justice For All	NONE	Public Charity	General Funding	5,000.00
Juvenile Diabetes Research Foundation	NONE	Public Charity	General Funding	10,000.00
Kingdom Resources	NONE	Public Charity	General Funding	22,300.00
Life Choices	NONE	Public Charity	General Funding	10,000.00
Living Water International	NONE	Public Charity	General Funding	5,000.00
Love Demonstrated Ministries	NONE	Public Charity	General Funding	100,000 00
Lutheran Social Services	NONE	Public Charity	General Funding	200 00
Maranatha Christian Academy	NONE	Public Charity	General Funding	2,500.00
Mayflower Institute	NONE	Public Charity	General Funding	30,000.00
Miami Children's Hospital Foundation	NONE	Public Charity	General Funding	50,000.00
Mission Aviation Fellowship	NONE	Public Charity	General Funding	10,000.00
Mission of Joy	NONE	Public Charity	General Funding	25,000.00
Mission To The World	NONE	Public Charity	General Funding	12,500.00
National Coalition for the Protection of Chldrn & Familie:	NONE	Public Charity	General Funding	7,500.00
Navigators	NONE	Public Charity	General Funding	32,400.00
New Centurions	NONE	Public Charity	General Funding	10,000 00
New Tribes Missions	NONE	Public Charity	General Funding	25,500.00
Oak Hills Church	NONE	Public Charity	General Funding	800.00
Oil of Joy Mourning	NONE	Public Charity	General Funding	2,000 00
Operation Mobilization	NONE	Public Charity	General Funding	5,000.00
Overseas Council International ( Indianapolis)	NONE	Public Charity	General Funding	10,000.00
Parents Television Council	NONE	Public Charity	General Funding	15,000.00
Patrick Henry College	NONE	Public Charity	General Funding	500,000.00
Persecution Project	NONE	Public Charity	General Funding	10,000.00
Rafiki Foundation, Inc.	NONE	Public Charity	General Funding	1,150,000.00
RAM, Inc.	NONE	Public Charity	General Funding	2,500.00
RescueNet International	NONE	Public Charity	General Funding	3,300 00
River City Christian School	NONE	Public Charity	General Funding	10,000.00
Samaritan Aviation	NONE	Public Charity	General Funding	15,000 00
San Antonio Christian School	NONE	Public Charity	General Funding	10,000.00
San Antonio Livestock Exposition	NONE	Public Charity	General Funding	2,000.00
San Antonio Symphony	NONE	Public Charity	General Funding	5,000.00
Search Ministries	NONE	Public Charity	General Funding	3,000.00
Second Baptist School ( Houston)	NONE	Public Charity	General Funding	18,992.00
Second Reformed Presbyterian Church of Indianapolis)	NONE	Public Charity	General Funding	2,400 00
Shining Light Ministries	NONE	Public Charity	General Funding	5,000 00
South Texas Franklin Graham Festival	NONE	Public Charity	General Funding	2,000.00
Southeastern Legal Foundation	NONE	Public Charity	General Funding	50,000.00
Team Solar Eclipse	NONE	Public Charity	General Funding	7,500.00
The Alliance of Christian Home Education Leadership	NONE	Public Charity	General Funding	10,000.00
The Bible League	NONE	Public Charity	General Funding	15,000.00
The Heartland Institute	NONE	Public Charity	General Funding	5,000 00
The Institute for Youth Development	NONE	Public Charity	General Funding	25,000 00
The Medical Institute for Sexual Health	NONE	Public Charity	General Funding	50,000.00

**Covenant Foundation, Inc.**  
**2005 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>
Touch the World Ministries	NONE	Public Charity	General Funding	115,000.00
Turning Hearts Ministry, Inc.	NONE	Public Charity	General Funding	5,000.00
Unity for Africa	NONE	Public Charity	General Funding	100,000.00
Upper Room Ministries	NONE	Public Charity	General Funding	5,000.00
Village Ministries International - OK	NONE	Public Charity	General Funding	1,000.00
Vision America	NONE	Public Chanty	General Funding	25,000.00
Vision Forum Ministries	NONE	Public Chanty	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
Watchman Fellowship	NONE	Public Charity	General Funding	1,000.00
Westwood Ministries	NONE	Public Chanty	General Funding	2,500.00
Wheels of Love	NONE	Public Charity	General Funding	5,000.00
Whetstone Ministries	NONE	Public Chanty	General Funding	25,000.00
Word Ministries	NONE	Public Chanty	General Funding	6,000.00
World View Academy	NONE	Public Chanty	General Funding	10,000.00
Wycliffe Bible Translators	NONE	Public Charity	General Funding	21,000.00
YMCA	NONE	Public Charity	General Funding	25,000.00
Young Lives	NONE	Public Charity	General Funding	2,000 00
<b>TOTAL</b>				<b><u>\$ 10,804,086.73</u></b>

2005

FEDERAL SUPPLEMENTAL INFORMATION

PAGE 1

CLIENT 0006

COVENANT FOUNDATION, INC.

74-2622129

8/22/06

03 44PM

BACKUP WITHHOLDING REPRESENTS TAXES PASSED THROUGH FROM A PARTNERSHIP INVESTMENT IN MAJESTY I, LP (EIN 38-3325707). SEE COPY OF SCHEDULE K-1 ATTACHED.

- 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—Must File Original and One Copy.**

Type or print	Name of Exempt Organization		Employer identification number
	Covenant Foundation, Inc		74-2622129
	Number, street, and room or suite no. If a P.O. box, see instructions		For IRS use only
File by the extended due date for filing the return. See instructions	8122 Datapoint Dr., Ste 1000		
	City, town or post office, state, and ZIP code. For a foreign address, see instructions		
	San Antonio, TX 78229-3270		

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

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

**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 **Mission City Management, Inc**  
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 11/15, 2006
- 5 For calendar year 2005, 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. \$ 15,470
- 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. \$ 65,470
- 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. \$ 0.00

**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 Lynnette Burck Title CPA Date 8/14/06

**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 \_\_\_\_\_

**Approved application has not been received.**

Director \_\_\_\_\_ 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
	Lynnette Burck, CPA
	Number and street (include suite, room, or apt. no.) or a P.O. box number
	8200 IH 10 West, Suite 915
	City or town, province or state, and country (including postal or ZIP code)
	San Antonio, TX 78230