

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

# 2007

Department of the Treasury  
Internal Revenue Service (77)

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

For calendar year 2007, or tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

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

<b>Use the IRS label. Otherwise, print or type See Specific Instructions.</b>	Name of foundation <b>THE GORDON AND MARY CAIN FOUNDATION</b>		A Employer identification number <b>76-0251558</b>
	Number and street (or P O box number if mail is not delivered to street address) <b>EIGHT GREENWAY PLAZA</b>	Room/suite <b>702</b>	B Telephone number <b>713 960-9283</b>
	City or town, state, and ZIP code <b>HOUSTON, TX 77046</b>		C If exemption application is pending, check here <input type="checkbox"/> D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ <b>1,613,324.</b> (Part I, column (d) must be on cash basis)		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</small>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>Revenue</b>	1 Contributions, gifts, grants, etc., received			N/A	
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	37.	37.		STATEMENT 2
	4 Dividends and interest from securities	1,347,953.	1,260,417.		STATEMENT 3
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	2,868,954.			STATEMENT 1
	b Gross sales price for all assets on line 6a	37,323,377.			
	7 Capital gain net income (from Part IV, line 2)		3,567,700.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss)					
11 Other income	<3,395.>	<3,395.>		STATEMENT 4	
12 Total. Add lines 1 through 11	4,213,549.	4,824,759.			
<b>Operating and Administrative Expenses</b>	13 Compensation of officers, directors, trustees, etc	8,333.	0.		8,333.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees STMT 5	161,627.	0.		0.
	b Accounting fees				
	c Other professional fees STMT 6	266,854.	266,051.		0.
	17 Interest				
	18 Taxes STMT 7	102,412.	11,113.		638.
	19 Depreciation and depletion				
	20 Occupancy	3,110.	0.		0.
	21 Travel, conferences, and meetings	1,233.	0.		0.
	22 Printing and publications	5.	0.		0.
	23 Other expenses STMT 8	19,442.	14,533.		0.
	24 Total operating and administrative expenses. Add lines 13 through 23	563,016.	291,697.		8,971.
	25 Contributions, gifts, grants paid	133,346,989.			1,790,000.
26 Total expenses and disbursements. Add lines 24 and 25	133,910,005.	291,697.		1,798,971.	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	<129696456.>				
b Net investment income (if negative, enter -0-)		4,533,062.			
c Adjusted net income (if negative, enter -0-)			N/A		



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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value			
Assets	1	Cash - non-interest-bearing		69,426.	40,350.	40,350.	
	2	Savings and temporary cash investments		4,440,084.	1,529,986.	1,529,986.	
	3	Accounts receivable					
		Less allowance for doubtful accounts					
	4	Pledges receivable					
		Less allowance for doubtful accounts					
	5	Grants receivable					
	6	Receivables due from officers, directors, trustees, and other disqualified persons					
	7	Other notes and loans receivable					
		Less allowance for doubtful accounts					
	8	Inventories for sale or use					
	9	Prepaid expenses and deferred charges					
	10a	Investments - U S and state government obligations			19,305,330.		
	b	Investments - corporate stock			52,980,674.		
	c	Investments - corporate bonds			6,248,083.		
11	Investments - land, buildings and equipment basis		7,473.				
	Less accumulated depreciation		7,473.				
12	Investments - mortgage loans						
13	Investments - other			23,852,140.			
14	Land, buildings, and equipment basis						
	Less accumulated depreciation						
15	Other assets (describe STATEMENT 10)			49,263.	42,988.	42,988.	
16	<b>Total assets (to be completed by all filers)</b>			<b>106,945,000.</b>	<b>1,613,324.</b>	<b>1,613,324.</b>	
Liabilities	17	Accounts payable and accrued expenses					
	18	Grants payable					
	19	Deferred revenue					
	20	Loans from officers, directors, trustees, and other disqualified persons					
	21	Mortgages and other notes payable					
	22	Other liabilities (describe)					
23	<b>Total liabilities (add lines 17 through 22)</b>			<b>0.</b>	<b>0.</b>		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/>						
	and complete lines 24 through 26 and lines 30 and 31						
	24	Unrestricted					
	25	Temporarily restricted					
	26	Permanently restricted					
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/>						
	and complete lines 27 through 31.						
27	Capital stock, trust principal, or current funds			135,179,444.	138,675,790.		
28	Paid-in or capital surplus, or land, bldg, and equipment fund			0.	0.		
29	Retained earnings, accumulated income, endowment, or other funds			<28,234,444.>	137,062,466.>		
30	<b>Total net assets or fund balances</b>			<b>106,945,000.</b>	<b>1,613,324.</b>		
31	<b>Total liabilities and net assets/fund balances</b>			<b>106,945,000.</b>	<b>1,613,324.</b>		

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	106,945,000.
2	Enter amount from Part I, line 27a	2	<129,696,456.>
3	Other increases not included in line 2 (itemize) SEE STATEMENT 9	3	24,364,780.
4	Add lines 1, 2, and 3	4	1,613,324.
5	Decreases not included in line 2 (itemize)	5	0.
6	<b>Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30</b>	6	<b>1,613,324.</b>

**Part IV Capital Gains and Losses for Tax on Investment Income**

1a	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
b	SEE ATTACHED STATEMENTS			
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	37,323,377.	33,755,677.	3,567,700.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a			
b			
c			
d			
e			3,567,700.

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 } If (loss), enter -0- in Part I, line 7 }	2	3,567,700.
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) If (loss), enter -0- in Part I, line 8	3	N/A

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?  Yes  No

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2006	6,083,944.	125,592,752.	.048442
2005	5,739,784.	119,441,194.	.048055
2004	4,740,213.	116,726,834.	.040609
2003	4,427,884.	107,278,862.	.041275
2002	5,692,183.	111,027,112.	.051268

2	Total of line 1, column (d)	2	.229649
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	.045930
4	Enter the net value of noncharitable-use assets for 2007 from Part X, line 5	4	48,334,079.
5	Multiply line 4 by line 3	5	2,219,984.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	45,331.
7	Add lines 5 and 6	7	2,265,315.
8	Enter qualifying distributions from Part XII, line 4	8	1,798,971.

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling letter _____ (attach copy of ruling letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	90,661.
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0.
3	Add lines 1 and 2	3	90,661.
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	90,661.
6	Credits/Payments		
a	2007 estimated tax payments and 2006 overpayment credited to 2007	6a	108,863.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d	7	108,863.
8	Enter any <b>penalty</b> for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b>	9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b>	10	18,202.
11	Enter the amount of line 10 to be <b>Credited to 2008 estimated tax</b> <span style="float:right">3,202. Refunded</span>	11	15,000.

**Part VII-A Statements Regarding Activities**

	Yes	No
1a		X
1b		X
1c		X
2		X
3		X
4a		X
4b		
5	X	
6	X	
7	X	
8a		
8b	X	
9		X
10		X

**Part VII-A Statements Regarding Activities** (continued)

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)		X
b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	N/A	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► N/A	X	
14	The books are in care of ► JOHN SULLIVAN Telephone no ► 713 960-9283 Located at ► 8 GREENWAY PLAZA, #702, HOUSTON, TX ZIP+4 ► 77046		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	15	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
1a	During the year did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input 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? (Exception Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days ) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2007?	1c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions )	2b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2007 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2007 )	3b	N/A
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2007?	4b	X

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

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

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

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

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

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?  Yes  No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?  Yes  No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?  Yes  No  
 Organizations relying on a current notice regarding disaster assistance check here  N/A

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?  Yes  No  
 If "Yes," attach the statement required by Regulations section 53.4945-5(d). N/A

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?  Yes  No  
 If you answered "Yes" to 6b, also file Form 8870

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?  Yes  No

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

**1 List all officers, directors, trustees, foundation managers and their compensation.**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 12		8,333.	0.	0.

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

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

Total number of other employees paid over \$50,000 0

**Part VIII** Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

**3** Five highest-paid independent contractors for professional services. If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
US TRUST COMPANY 3 ESSEX SQUARE, ESSEX, CT 06426	INVESTMENT ADVISOR	99,802.
UBS GLOBAL 73 TREMONT STREET, BOSTON, MA 02108	INVESTMENT ADVISOR	93,572.

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

**Part IX-A** Summary of Direct Charitable Activities

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

**Part IX-B** Summary of Program-Related Investments

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 <span style="float: right;">▶</span>	0.

Form 990-PF (2007)

**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	46,452,787.
b	Average of monthly cash balances	1b	2,571,381.
c	Fair market value of all other assets	1c	45,963.
d	Total (add lines 1a, b, and c)	1d	49,070,131.
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	49,070,131.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	736,052.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	48,334,079.
6	Minimum investment return. Enter 5% of line 5	6	2,416,704.

**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	2,416,704.
2a	Tax on investment income for 2007 from Part VI, line 5	2a	90,661.
b	Income tax for 2007 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	90,661.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	2,326,043.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	2,326,043.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	2,326,043.

**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	1,798,971.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,798,971.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1,798,971.

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 2006	(c) 2006	(d) 2007
1 Distributable amount for 2007 from Part XI, line 7				2,326,043.
2 Undistributed income, if any, as of the end of 2006				
a Enter amount for 2006 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2007				
a From 2002	200,375.			
b From 2003				
c From 2004				
d From 2005				
e From 2006				
f Total of lines 3a through e	200,375.			
4 Qualifying distributions for 2007 from Part XII, line 4 ▶ \$ 1,798,971.				
a Applied to 2006, 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 2007 distributable amount				1,798,971.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2007 (If an amount appears in column (d), the same amount must be shown in column (a))	200,375.			200,375.
6 Enter the net total of each column as indicated below.				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
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 2006 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2007 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2008				326,697.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2002 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2008 Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2003				
b Excess from 2004				
c Excess from 2005				
d Excess from 2006				
e Excess from 2007				

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

N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2007, enter the date of the ruling ▶

b Check box to indicate whether the foundation is a private operating foundation described in section  4942(j)(3) or  4942(j)(5)

	Tax year				(e) Total
	(a) 2007	(b) 2006	(c) 2005	(d) 2004	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities					
3 Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

**1 Information Regarding Foundation Managers:**

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

MARY H. CAIN

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

NONE

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

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

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

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

c Any submission deadlines

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

**Part XV** Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p><b>a</b> Paid during the year</p> <p>SEE STATEMENT 14</p>				133346989.
<b>Total</b>				▶ <b>3a</b> 133346989.
<p><b>b</b> Approved for future payment</p> <p>SEE STATEMENT 15</p>				1,380,000.
<b>Total</b>				▶ <b>3b</b> 1,380,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Table with 5 main columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include Program service revenue, Membership dues and assessments, Interest on savings and temporary cash investments, Dividends and interest from securities, Net rental income from real estate, Net rental income from personal property, Other investment income, Gain or loss from sales of assets, Net income from special events, Gross profit from sales of inventory, and Other revenue.

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

Table with 2 columns: Line No, Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes. The first row contains the text 'NOT APPLICABLE'.

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

- 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... a Transfers from the reporting foundation to a noncharitable exempt organization of (1) Cash (2) Other assets b Other transactions (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule...

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A'.

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

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. Row 1 contains '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 section containing Signature of officer or trustee, Preparer's signature, and Firm's name (or yours if self-employed), address, and ZIP code.

THE GORDON AND MARY CAIN FOUNDATION

**Part IV** Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a UBS FINANCIAL SERVICES	P	VARIOUS	VARIOUS
b NORTHERN TRUST - CYPRESS	P	VARIOUS	VARIOUS
c NORTHERN TRUST - CYPRESS	P	VARIOUS	VARIOUS
d NORTHERN TRUST - USTRUST DIV VAL	P	VARIOUS	VARIOUS
e NORTHERN TRUST - USTRUST DIV VAL	P	VARIOUS	VARIOUS
f NORTHERN TRUST - USTRUST FIXED	P	VARIOUS	VARIOUS
g NORTHERN TRUST - USTRUST FIXED	P	VARIOUS	VARIOUS
h NORTHERN TRUST - AGENCY	P	VARIOUS	VARIOUS
i NORTHERN TRUST - AGENCY	P	VARIOUS	VARIOUS
j LITIGATION PROCEEDS	P	VARIOUS	VARIOUS
k UBS GLOBAL FUND K-1	P	VARIOUS	VARIOUS
l UBS EUCALYPTUS K-1	P	VARIOUS	VARIOUS
m UBS & CYPRESS K-1'S	P	VARIOUS	VARIOUS
n UBS GLOBAL FUND	P	02/16/05	03/01/07
o 35,000 SHS LXR	D	11/01/00	01/30/07

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 1,125,387.		848,325.	277,062.
b 461,242.		406,096.	55,146.
c 225,792.		232,989.	<7,197.>
d 2,128,120.		1,582,365.	545,755.
e 431,520.		436,340.	<4,820.>
f 3,227,589.		3,222,020.	5,569.
g 1,550,279.		1,530,242.	20,037.
h 1,770,304.		1,478,796.	291,508.
i 27,106.		28,212.	<1,106.>
j 15,217.			15,217.
k 977,471.			977,471.
l 126,759.			126,759.
m 127,207.			127,207.
n 24,959,525.		23,982,475.	977,050.
o 120,046.		7,817.	112,229.

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

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Losses (from col (h)) Gains (excess of col (h) gain over col (k), but not less than "-0-")
a			277,062.
b			55,146.
c			<7,197.>
d			545,755.
e			<4,820.>
f			5,569.
g			20,037.
h			291,508.
i			<1,106.>
j			15,217.
k			977,471.
l			126,759.
m			127,207.
n			977,050.
o			112,229.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7  
If (loss), enter "-0-" in Part I, line 7 }

2

3 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)  
If (loss), enter "-0-" in Part I, line 8

3

THE GORDON AND MARY CAIN FOUNDATION

**Part IV** Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold, e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
<b>1a CAPITAL GAINS DIVIDENDS</b>			
b			
c			
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

(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>49,813.</b>			<b>49,813.</b>
b			
c			
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col (h)) Gains (excess of col (h) gain over col (k), but not less than "-0-")
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a			<b>49,813.</b>
b			
c			
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

<b>2</b> 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 }	<b>2</b>	<b>3,567,700.</b>
<b>3</b> 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) If (loss), enter "-0-" in Part I, line 8 }	<b>3</b>	<b>N/A</b>

FORM 990-PF GAIN OR (LOSS) FROM SALE OF ASSETS STATEMENT 1

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED	(F) DATE ACQUIRED	(F) DATE SOLD	(F) GAIN OR LOSS
UBS FINANCIAL SERVICES	1,125,387.	848,325.	0.	PURCHASED	VARIOUS	VARIOUS	277,062.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED	(F) DATE ACQUIRED	(F) DATE SOLD	(F) GAIN OR LOSS
NORTHERN TRUST - CYPRESS	461,242.	406,096.	0.	PURCHASED	VARIOUS	VARIOUS	55,146.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED	(F) DATE ACQUIRED	(F) DATE SOLD	(F) GAIN OR LOSS
NORTHERN TRUST - CYPRESS	225,792.	232,989.	0.	PURCHASED	VARIOUS	VARIOUS	<7,197.>



(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
NORTHERN TRUST - USTRUST DIV VAL	2,128,120.	1,582,365.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
NORTHERN TRUST - USTRUST DIV VAL	431,520.	436,340.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
NORTHERN TRUST - USTRUST FIXED	3,227,589.	3,222,020.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
NORTHERN TRUST - USTRUST FIXED	1,550,279.	1,530,242.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
NORTHERN TRUST - AGENCY	1,770,304.	1,478,796.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
NORTHERN TRUST - AGENCY	27,106.	28,212.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
LITIGATION PROCEEDS	15,217.	0.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
UBS GLOBAL FUND K-1	977,471.	0.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
UBS EUCALYPTUS K-1	126,759.	0.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
UBS & CYPRESS K-1'S	127,207.	0.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
UBS GLOBAL FUND	24,959,525.	23,982,475.	0.	PURCHASED	02/16/05	03/01/07

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) VALUE AT TIME OF ACQ.	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
35,000 SHS LXR	120,046.	706,563.	0.	DONATED	11/01/00	01/30/07

CAPITAL GAINS DIVIDENDS FROM PART IV						49,813.
TOTAL TO FORM 990-PF, PART I, LINE 6A						<u>2,868,954.</u>

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 2

SOURCE	AMOUNT
CHASE BANK	37.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	37.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 3

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
NORTHERN TRUST - AGENCY	74,235.	18,559.	55,676.
NORTHERN TRUST - UST DV	425,911.	0.	425,911.
NORTHERN TRUST-CYPRESS	94,831.	6,424.	88,407.
NORTHERN TRUST-UST FIXED	552,203.	24,830.	527,373.
UBS EUCALYPTUS FUND LLC	2,964.	0.	2,964.
UBS FINANCIAL	57,828.	0.	57,828.
UBS GLOBAL SEC FUND K-1	189,794.	0.	189,794.
TOTAL TO FM 990-PF, PART I, LN 4	1,397,766.	49,813.	1,347,953.

FORM 990-PF OTHER INCOME STATEMENT 4

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
CYPRESS K-1'S - UBTI	<6,916.>	<6,916.>	
CYPRESS K-1'S	647.	647.	
UBS GLOBAL SECURITIES K-1	3,619.	3,619.	
UBS GLOBAL SECURITIES K-1 UBTI	<745.>	<745.>	
TOTAL TO FORM 990-PF, PART I, LINE 11	<3,395.>	<3,395.>	

FORM 990-PF	LEGAL FEES			STATEMENT	5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
LEGAL FEES	161,627.	0.			0.
TO FM 990-PF, PG 1, LN 16A	161,627.	0.			0.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT	6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
INVESTMENT MANAGEMENT FEES	266,854.	266,051.			0.
TO FORM 990-PF, PG 1, LN 16C	266,854.	266,051.			0.

FORM 990-PF	TAXES			STATEMENT	7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
PAYROLL TAXES	638.	0.			638.
EXCISE TAXES	90,661.	0.			0.
FOREIGN TAXES WITHHELD	11,113.	11,113.			0.
TO FORM 990-PF, PG 1, LN 18	102,412.	11,113.			638.

FORM 990-PF	OTHER EXPENSES			STATEMENT	8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES	
CONTRACT SERVICES	252.	0.			0.
OFFICE EXPENSE	3,412.	0.			0.
TELEPHONE	106.	0.			0.
PORTFOLIO DEDUCTIONS - PARTNERSHIPS	14,533.	14,533.			0.

INSURANCE	1,139.	0.	0.
TO FORM 990-PF, PG 1, LN 23	19,442.	14,533.	0.

FORM 990-PF OTHER INCREASES IN NET ASSETS OR FUND BALANCES STATEMENT 9

DESCRIPTION	AMOUNT
BOOK/MARKET VALUE DIFFERENCE IN CONTRIBUTIONS, GIFTS, GRANTS PAID	24,364,780.
TOTAL TO FORM 990-PF, PART III, LINE 3	24,364,780.

FORM 990-PF OTHER ASSETS STATEMENT 10

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
ACCRUED INTEREST	11,290.	11,290.
PREPAID EXCISE TAX	18,202.	18,202.
RECEIVABLE - VN MULTIMEDIA	13,496.	13,496.
TOTAL TO FORM 990-PF, PART II, LINE 15	42,988.	42,988.

FORM 990-PF STATEMENT CONCERNING LIQUIDATION, TERMINATION, ETC. - PART VII-A, LINE 5 STATEMENT 11

EXPLANATION

SEE STATEMENT 13

FORM 990-PF

PART VIII - LIST OF OFFICERS, DIRECTORS  
TRUSTEES AND FOUNDATION MANAGERS

STATEMENT 12

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
JAMES D. WEAVER 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	PRESIDENT 20.00	8,333.	0.	0.
MARY H. CAIN 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	VICE PRES 0.00	0.	0.	0.
MARGARET W. OEHMIG 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	VICE PRES 0.00	0.	0.	0.
SHARYN A. WEAVER 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	VICE PRES 0.00	0.	0.	0.
JOHN SULLIVAN 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	CFO/TREAS 0.00	0.	0.	0.
DAVID ROSS 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	TRUSTEE 0.00	0.	0.	0.
GORDON R. CAIN 8 GREENWAY PLAZA STE 702 HOUSTON, TX 77046	TRUSTEE 0.00	0.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		8,333.	0.	0.

STATEMENT 13 – FORM 990-PF, PART VII-A, Question 5

This statement is submitted in accordance with Reg. 1.6043-3(a)(1) and Form 990-PF General Instruction T to report the distribution of certain assets that resulted in a substantial contraction of assets during the current tax year.

During 2007, The Gordon and Mary Cain Foundation made distributions of assets from sources other than current income. Such distributions represented 76% of The Gordon and Mary Cain Foundation's net assets of \$131,492,870 (as measured by fair market value) at the beginning of 2007. Information regarding these distributions is as follows:

Distributee:

John Motley Morehead Foundation  
P.O. Box 690  
Chapel Hill, NC 27514  
EIN: 56-0599225

<b>Description</b>	<b>Date Received</b>	<b>Cost</b>	<b>Market Value</b>
<u>Managed accounts</u>			
US Trust - Diversified Value - securities/cash	2/28/2007	16,946,845	28,447,610
US Trust - Fixed - securities/cash	2/28/2007	19,148,678	19,142,418
Cypress Asset Management - securities/cash	2/28/2007	6,548,998	8,672,608
UBS Financial - securities/cash	2/28/2007	4,912,842	6,259,249
<u>Other assets contributed</u>			
Vanguard Mid Cap Index Fund	3/15/2007	2,553,934	3,230,400
Vanguard Growth Index Fund	3/15/2007	2,612,502	2,958,000
Vanguard Small Cap Growth Fund	3/21/2007	1,276,142	1,614,150
Vanguard Small Cap Fund	3/21/2007	1,325,204	1,641,600
Cash	4/30/2007	27,659,525	27,659,525
Cash	6/12/2007	157,186	157,186
Total distributions to John Motley Morehead Foundation		<u>83,141,856</u>	<u>99,782,746</u>

John Motley Morehead Foundation is exempt from taxes under IRC Sec. 501(c)(3) and is a private foundation. It is not controlled by The Gordon and Mary Cain Foundation or any disqualified persons with respect to The Gordon and Mary Cain Foundation.

The distributions were to further the scholarship program of John Motley Morehead Foundation.



STATEMENT 14 - PART XV, LINE 3a - CONTRIBUTIONS PAID

<u>Grantee Name</u>	<u>Grantee Address</u>	<u>Status</u>	<u>Project</u>	<u>Amount</u>
Alley Theatre	615 Texas Avenue Houston, TX 77002-2795	501c(3)	Capital Campaign	\$125,000 00
Appalachian Regional Healthcare Foundation	c/o Mr Richard Sparks P O Box 2600 Boone, NC 28607	501c(3)	Equipment	\$250,000 00
UT MD Anderson Cancer Center	P O Box 301439 Houston, TX 77230	501c(3)	Research	\$200,000 00
Neuhaus Education Center	4433 Bissonnet Bellaire, TX 77401-3233	501c(3)	Program Support	\$50,000 00
Baylor College of Medicine	Department of Nephrology 1 Baylor Plaza, # 143A Houston, TX 77030	501c(3)	Scholarships	\$500,000 00
Linville Foundatron	Eseeola Lodge P O Box 99 Linville, NC 28646	501c(3)	Scholarships	\$150,000 00
St Martin's Episcopal Church	St Martin's Habitat Fund 717 Sage Road Houston, TX 77056	501c(3)	Habitat House	\$25,000 00
University of Houston-Downtown	One Main Street, Ste 990-S Houston, TX 77002-1014	501c(3)	Education Project	\$390,000 00
Foundation for Financial Literacy	4550 Post Oak Place Drive, Suite 139 Houston, TX 77027-3163	501c(3)	Matching Grant	\$100,000 00
Total disbursements for charitable purposes to Form 990PF, Part I, line 25(d)				1,790,000 00
<u>Other Disbursements</u>				
The following assets were distributed to The Gordon A Cain Foundation - a private, non-operating Foundation related to The Gordon and Mary Cain Foundation The Gordon A Cain Foundation is located at 8 Greenway Plaza, Suite 702, Houston, Texas 77046				
		<b>Date Received</b>	<b>Cost</b>	<b>Market Value</b>
<u>Managed accounts</u>				
US Trust - Diversified Value - securities/cash		11/29/2007	3,087,446	5,229,688
US Trust - Fixed - securities/cash		11/29/2007	3,662,392	3,710,202
Cypress Asset Management - securities/cash		11/28/2007	1,173,825	1,676,731

STATEMENT 14 - PART XV, LINE 3a - CONTRIBUTIONS PAID

UBS Financial - securities/cash	12/11/2007	915,613	1,279,283
<u>Other assets contributed</u>			
Vanguard Mid Cap Index Fund	12/4/2007	1,186,862	1,565,066
Vanguard Growth Index Fund	12/4/2007	1,255,103	1,595,310
Vanguard Small Cap Growth Fund	12/4/2007	619,689	830,442
Total distributions to The Gordon A Cain Foundation		11,900,930	15,886,722
The following assets were distributed to The Mary H Cain Foundation - a private, non-operating Foundation related to The Gordon and Mary Cain Foundation The Gordon A Cain Foundation is located at 8 Greenway Plaza, Suite 702, Houston, Texas 77046			
	<b>Date</b>		<b>Market</b>
<b>Description</b>	<b>Received</b>	<b>Cost</b>	<b>Value</b>
<u>Managed accounts</u>			
US Trust - Diversified Value - securities/cash	11/29/2007	3,087,446	5,231,066
US Trust - Fixed - securities/cash	11/29/2007	3,667,072	3,709,622
Cypress Asset Management - securities/cash	11/28/2007	1,176,082	1,676,732
UBS Financial - securities/cash	12/11/2007	964,455	1,279,283
<u>Other assets contributed</u>			
Vanguard Mid Cap Index Fund	12/4/2007	1,186,862	1,565,066
Vanguard Growth Index Fund	12/4/2007	1,255,103	1,595,310
Vanguard Small Cap Growth Fund	12/4/2007	619,688	830,442
Total distributions to The Mary H Cain Foundation		11,956,708	15,887,521
The following assets were distributed to The John Motley Morehead Foundation - a private, non-operating Foundation Address: P O Box 690, Chapel Hill, NC 27514 (Also see separate statement reporting a substantial contraction of assets during the current tax year)			
	<b>Date</b>		<b>Market</b>
<b>Description</b>	<b>Received</b>	<b>Cost</b>	<b>Value</b>
<u>Managed accounts</u>			
US Trust - Diversified Value - securities/cash	2/28/2007	16,946,845	28,447,610
US Trust - Fixed - securities/cash	2/28/2007	19,148,678	19,142,418
Cypress Asset Management - securities/cash	2/28/2007	6,548,998	8,672,608
UBS Financial - securities/cash	2/28/2007	4,912,842	6,259,249
<u>Other assets contributed</u>			
Vanguard Mid Cap Index Fund	3/15/2007	2,553,934	3,230,400
Vanguard Growth Index Fund	3/15/2007	2,612,502	2,958,000

STATEMENT 14 - PART XV, LINE 3a - CONTRIBUTIONS PAID

Vanguard Small Cap Growth Fund	3/21/2007	1,276,142	1,614,150
Vanguard Small Cap Fund	3/21/2007	1,325,204	1,641,600
Cash	4/30/2007	27,659,525	27,659,525
Cash	6/12/2007	157,186	157,186
Total distributions to John Motley Morehead Foundation		83,141,856	99,782,746
Total contributions, gifts, grants paid to Form 990PF, Part I, line 25(a)			133,346,989

STATEMENT 15 - PART XV, LINE 3b - CONTRIBUTIONS APPROVED DURING THE YEAR FOR FUTURE PAYMENT

<u>Grantee Name</u>	<u>Grantee Address</u>	<u>Status</u>	<u>Purpose</u>	<u>Amount</u>
UT MD Anderson Cancer Center	P O Box 301439 Houston, TX 77230-1439	501c(3)	Proton Therapy Research	\$600,000 00
UHD	One Main Street, Suite 990-S Houston, TX 77002-1014	501c(3)	Scholarships	\$780,000 00
				\$1,380,000 00