

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

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2019

Open to Public Inspection

For calendar year 2019 or tax year beginning , 2019, and ending , 20

Name of foundation <u>Albert and Margaret Alkek Foundation</u>		A Employer identification number <u>76-0491186</u>
Number and street (or P.O. box number if mail is not delivered to street address) <u>1100 Louisiana St</u>	Room/suite <u>5250</u>	B Telephone number (see instructions) <u>(713) 652-6601</u>
City or town, state or province, country, and ZIP or foreign postal code <u>Houston TX 77002</u>		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		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) ▶ \$ <u>245,918,344.</u>	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d), must be on cash basis.)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . . . <input type="checkbox"/>

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)	1,563,036.			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	3 Interest on savings and temporary cash investments	201,438.	201,438.		
	4 Dividends and interest from securities	1,459,371.	1,459,371.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	13,713,233.			
	b Gross sales price for all assets on line 6a <u>60,722,873.</u>		L-6a Stmt		
	7 Capital gain net income (from Part IV, line 2) . . .		13,466,228.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
Operating and Administrative Expenses	b Less: Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule) See Stmt . . .	5,878,159.	1,733,069.		
	12 Total. Add lines 1 through 11	22,815,237.	16,860,106.		
	13 Compensation of officers, directors, trustees, etc.	733,000.	440,808.		232,650.
	14 Other employee salaries and wages	17,550.	773.		16,673.
	15 Pension plans, employee benefits	43,789.	29,203.		10,641.
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	31,559.	16,040.		8,212.
	c Other professional fees (attach schedule)	553,618.	552,306.		
	17 Interest	33,046.	33,046.		
	18 Taxes (attach schedule) (see instructions) See Stmt	179,500.			
	19 Depreciation (attach schedule) and depletion . .				
	20 Occupancy	838.	380.		406.
	21 Travel, conferences, and meetings	1,236.	494.		57.
	22 Printing and publications	1,586.	956.		501.
	23 Other expenses (attach schedule) See Stmt . .	6,609,783.	1,087,640.		6,086.
	24 Total operating and administrative expenses. Add lines 13 through 23	8,205,505.	2,161,646.		275,226.
	25 Contributions, gifts, grants paid	11,650,000.			11,650,000.
	26 Total expenses and disbursements. Add lines 24 and 25	19,855,505.	2,161,646.		11,925,226.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	2,959,732.			
	b Net investment income (if negative, enter -0-) .		14,698,460.		
	c Adjusted net income (if negative, enter -0-) . .				

Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	306.	306.	306.
	2 Savings and temporary cash investments	15,737,295.	21,842,839.	21,843,496.
	3 Accounts receivable ▶ 3,553,502.			
	Less: allowance for doubtful accounts ▶ 0.	1,655,298.	3,553,502.	3,553,502.
	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 schedule) ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U.S. and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	57,728,134.	53,944,448.	79,688,107.
	c Investments—corporate bonds (attach schedule)		100,000.	100,000.
	11 Investments—land, buildings, and equipment: basis ▶			
Liabilities	Less: accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	100,947,215.	99,349,391.	140,702,718.
	14 Land, buildings, and equipment: basis ▶ 287,104.			
	Less: accumulated depreciation (attach schedule) ▶ 287,104.	0.	0.	29,850.
	15 Other assets (describe ▶)	0.	0.	365.
	16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	176,068,248.	178,790,486.	245,918,344.
	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule) . . .			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)			
Net Assets or Fund Balances	Foundations that follow FASB ASC 958, check here ▶ <input checked="" type="checkbox"/> and complete lines 24, 25, 29, and 30.			
	24 Net assets without donor restrictions	176,068,248.	178,790,486.	
	25 Net assets with donor restrictions			
	Foundations that do not follow FASB ASC 958, check here ▶ <input type="checkbox"/> and complete lines 26 through 30.			
	26 Capital stock, trust principal, or current funds			
	27 Paid-in or capital surplus, or land, bldg., and equipment fund			
	28 Retained earnings, accumulated income, endowment, or other funds			
	29 Total net assets or fund balances (see instructions) . . .	176,068,248.	178,790,486.	
	30 Total liabilities and net assets/fund balances (see instructions)	176,068,248.	178,790,486.	

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 29 (must agree with end-of-year figure reported on prior year's return)	1	176,068,248.
2 Enter amount from Part I, line 27a	2	2,959,732.
3 Other increases not included in line 2 (itemize) ▶ <u>Book/tax differences in investments</u>	3	3,435,265.
4 Add lines 1, 2, and 3	4	182,463,245.
5 Decreases not included in line 2 (itemize) ▶ <u>Book/tax differences in investments</u>	5	3,672,759.
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 29 . .	6	178,790,486.

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a See attached schedule		P	various	various
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 60,475,868.	0.	47,009,640.	13,466,228.	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69.			(i) 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 0.	0.	0.	13,466,228.	
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	13,466,228.	
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		

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 doesn't qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see the instructions before making any entries.			
(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2018	11,822,582.	239,533,593.	0.049357
2017	11,862,650.	236,042,537.	0.050256
2016	10,684,878.	224,549,081.	0.047584
2015	12,055,287.	237,282,784.	0.050806
2014	12,087,257.	237,855,551.	0.050818
2 Total of line 1, column (d)			2 0.248821
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5.0, or by the number of years the foundation has been in existence if less than 5 years			3 0.049764
4 Enter the net value of noncharitable-use assets for 2019 from Part X, line 5			4 236,536,852.
5 Multiply line 4 by line 3			5 11,771,020.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 146,985.
7 Add lines 5 and 6			7 11,918,005.
8 Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.			8 11,925,226.

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 or determination letter: _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	146,985.
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	146,985.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	146,985.
6	Credits/Payments:		
a	2019 estimated tax payments and 2018 overpayment credited to 2019	6a	176,818.
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	176,818.
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	2,464.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	27,369.
11	Enter the amount of line 10 to be: Credited to 2020 estimated tax ▶ 27,369. Refunded ▶	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a	X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? See the instructions for the definition If the answer is "Yes" to 1a or 1b , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.	1b	X
c Did the foundation file Form 1120-POL for this year?	1c	X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ \$ _____ (2) On foundation managers. ▶ \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.	2	X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3	X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	4b	X
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by <i>General Instruction T</i> .	5	X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV	7	X
8a Enter the states to which the foundation reports or with which it is registered. See instructions. ▶ TX		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? If "No," attach explanation	8b	X
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2019 or the tax year beginning in 2019? See the instructions for Part XIV. If "Yes," complete Part XIV	9	X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10	X

Part VII-A Statements Regarding Activities (continued)

	Yes	No
11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. See instructions	11	X
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement. See instructions	12	X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► <u>www.alkek.org</u>	13	X
14 The books are in care of ► <u>Scott Seaman</u> Telephone no. ► <u>(713) 652-6601</u> Located at ► <u>1100 Louisiana, Ste 5250 Houston TX</u> ZIP+4 ► <u>77002</u>		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —check here and enter the amount of tax-exempt interest received or accrued during the year ► 15		
16 At any time during calendar year 2019, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ►	16	X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.**

	Yes	No
1a During the year, did the foundation (either directly or indirectly): (1) Engage in the sale or exchange, or leasing of property with a disqualified person? . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . <input 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 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 2019?	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 2019, did the foundation have any undistributed income (Part XIII, lines 6d and 6e) for tax year(s) beginning before 2019? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions.)	2b	
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
b If "Yes," did it have excess business holdings in 2019 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 Form 4720, Schedule C, to determine if the foundation had excess business holdings in 2019.)	3b	X
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 2019?	4b	X

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

	Yes	No
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))?	<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 4945(d)(4)(A)? See instructions	<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 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	5b	
Organizations relying on a current notice regarding disaster assistance, check here		<input type="checkbox"/>
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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If "Yes," attach the statement required by Regulations section 53.4945-5(d).		
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	6b	X
If "Yes" to 6b, file Form 8870.		
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	7b	
8 Is the foundation subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1 List all officers, directors, trustees, and 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 attached statement				

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

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

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Iridian Asset Management LLC 276 Post Road West Westport CT 06880	investment management	162,606.
Eagle Capital Management, LLC 499 Park Avenue New York NY 10022	investment management	147,484.
Polen Capital Management 1825 NW Corporate Blvd., Suite 300 BOCA RATON FL 33431	investment management	109,234.
Wells Capital Management 525 Market Street, 12th Floor San Francisco CA 94105	investment management	68,868.
State Street Corporation 801 Pennsylvania Ave Kansas City MO 64105	custody services	65,425.

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	
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	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	

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	78,933,304.
b	Average of monthly cash balances	1b	20,649,765.
c	Fair market value of all other assets (see instructions)	1c	140,555,867.
d	Total (add lines 1a, b, and c)	1d	240,138,936.
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	240,138,936.
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	3,602,084.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	236,536,852.
6	Minimum investment return. Enter 5% of line 5	6	11,826,843.

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	11,826,843.
2a	Tax on investment income for 2019 from Part VI, line 5	2a	146,985.
b	Income tax for 2019. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	146,985.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	11,679,858.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	11,679,858.
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	11,679,858.

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	11,925,226.
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	0.
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	0.
b	Cash distribution test (attach the required schedule)	3b	0.
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8; and Part XIII, line 4	4	11,925,226.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b. See instructions	5	146,985.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	11,778,241.

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 2018	(c) 2018	(d) 2019
1 Distributable amount for 2019 from Part XI, line 7				11,679,858.
2 Undistributed income, if any, as of the end of 2019:				
a Enter amount for 2018 only			1,980,621.	
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2019:				
a From 2014 0.				
b From 2015 0.				
c From 2016 0.				
d From 2017 0.				
e From 2018 0.				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2019 from Part XII, line 4: ► \$ <u>11,925,226.</u>				
a Applied to 2018, but not more than line 2a			1,980,621.	
b Applied to undistributed income of prior years (Election required—see instructions)				
c Treated as distributions out of corpus (Election required—see instructions)				
d Applied to 2019 distributable amount				9,944,605.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2019 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5	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 2018. Subtract line 4a from line 2a. Taxable amount—see instructions			0.	
f Undistributed income for 2019. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2020				1,735,253.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required—see instructions)	0.			
8 Excess distributions carryover from 2014 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2020. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2015 0.				
b Excess from 2016 0.				
c Excess from 2017 0.				
d Excess from 2018 0.				
e Excess from 2019 0.				

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

N/A

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2019, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2019	(b) 2018	(c) 2017	(d) 2016	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4, for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter ² / ₃ of minimum investment return shown in Part X, line 6, for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

None

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., to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.

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

See Supplementary Information Statement

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

c Any submission deadlines:

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

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> See attached statement				11,650,000.
Total			3a	11,650,000.
b <i>Approved for future payment</i> See attached statement				6,062,700.
Total			3b	6,062,700.

Enter gross amounts unless otherwise indicated.

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions.)
---------------	---

[illegible]

		Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		
a	Transfers from the reporting foundation to a noncharitable exempt organization of:		
	(1) Cash	1a(1)	X
	(2) Other assets	1a(2)	X
b	Other transactions:		
	(1) Sales of assets to a noncharitable exempt organization	1b(1)	X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)	X
	(3) Rental of facilities, equipment, or other assets	1b(3)	X
	(4) Reimbursement arrangements	1b(4)	X
	(5) Loans or loan guarantees	1b(5)	X
	(6) Performance of services or membership or fundraising solicitations	1b(6)	X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c	X
d	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) (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
Alkek & Williams Foundation	501(c)(3)	common directors

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

**Sign
Here**

Signature of officer or trustee

Date _____

Executive Director
Title

May the IRS discuss this return with the preparer shown below?
See instructions. ☒ Yes ☐ No

**Paid
Preparer
Use Only**

Print/Type preparer's name

Cynthia G. Matthews

Preparer's signature

Cynthia L. Matthews

Date	
------	--

4/13/2020

Check ☐ if self-employed

PTIN

PC028634

Firm's name ► Ham, Langston & Brezina, LLP

Firm's EIN ► 26-3922905

Firm's address ► 11550 Fuqua St Ste 475

Phone no. (713) 621-1177

BAA

Houston

TX 77034-4304

Form 990-PF (2019)

Schedule of Contributors

OMB No. 1545-0047

2019

► **Attach to Form 990, Form 990-EZ, or Form 990-PF.**
► **Go to www.irs.gov/Form990 for the latest information.**

Name of the organization

Albert and Margaret Alkek Foundation

Employer identification number

76-0491186

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☐ 501(c)() (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☒ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 $\frac{1}{3}$ % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ► \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Albert and Margaret Alkek Foundation	Employer identification number 76-0491186
--	--

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Margaret Alkek Charitable Lead Annuity Trust 1100 Louisiana St., Suite 5250 Houston TX 77002	\$ 1,563,036.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Albert and Margaret Alkek Foundation
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Page 1, Part I, Line 6a and Page 3, Part IV, Line 1, Column h – Net Gain or Loss from Sale of Assets,
Page 1, Part I, Line 6b and Page 3, Part IV, Line 1, Column e – Gross Sales Price for All Assets:

	Net Gain or Loss From Sale of Assets	Gross Sales Price
Publicly Traded Securities	5,254,422	45,035,915
Capital Gain Dividends	1,505,806	1,505,806
Pass-through Investments: K-1 Capital Gains	3,230,149	3,230,149
Pass-through Investments: K-1 Capital Losses	-520,985	0
Non-US Hedge Funds	2,893,794	9,600,956
Non-US Gains in Excess of Basis	1,103,042	1,103,042
Total Page 3, Part IV, Columns h and e	13,466,228	60,475,868
Pass-through Investments: K-1 UBTI	247,005	247,005
Total Page 1, Part I, Lines 6a and 6b	13,713,233	60,722,873

Page 1, Part I, Line 11 – Other Income:

	(a) Revenue Per Books	(b) Net Investment Income
Pass-through Investments: K-1 Taxable Income	1,718,689	1,718,689
Pass-through Investments: Section 965(a) Inclusion	14,307	14,307
Pass-through Investments: K-1 UBTI	4,145,090	0
Oil and Gas Royalty Income	73	73
	5,878,159	1,733,069

Page 1, Part I, Line 16a, b and c – Legal, Accounting & Other Professional Fees:

	(a) Expenses Per Books	(b) Net Investment Income	(d) Charitable Purposes
<u>16b – Accounting Fees</u>			
Audit Services	21,575	13,006	6,812
Tax Services	9,984	3,034	1,400
	31,559	16,040	8,212
<u>16c – Other Professional Fees</u>			
Investments: Management Fees	488,193	488,193	0
Investments: Custody Fees	65,425	64,113	0
	553,618	552,306	0

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Page 1, Part I, Line 18 – Taxes:

	(a) Expenses Per Books	(b) Net Investment Income
Excise Tax Payments (Form 990-PF)	175,000	0
Excise Tax Penalty and Interest Payments for Amended Returns (Form 990-PF)	4,500	0
	<u>179,500</u>	<u>0</u>

Page 1, Part I, Line 23 – Other Expenses:

	(a) Expenses Per Books	(b) Net Investment Income	(d) Charitable Purposes
Pass-through Investments:			
K-1 Deductions	1,080,324	1,080,324	0
K-1 Deductions – Sec 965(c)	444	0	0
K-1 Deductions – UBTI	5,513,889	0	0
General and Administrative	15,126	7,316	6,086
	<u>6,609,783</u>	<u>1,087,640</u>	<u>6,086</u>

Page 2, Part II, Line 3 – Accounts Receivable:

	(b) Book Value	(c) Fair Market Value
Liquidation Receivable from Investment Partnerships	3,553,502	3,553,502
	<u>3,553,502</u>	<u>3,553,502</u>

Page 2, Part II, Line 10b – Investments – Corporate Stock:

	(b) Book Value	(c) Fair Market Value
Directly Held	19,332,301	27,477,525
Managed Accounts	34,612,147	52,210,582
	<u>53,944,448</u>	<u>79,688,107</u>

Page 2, Part II, Line 13 – Investments – Other:

	(b) Book Value	(c) Fair Market Value
Non-Marketable Corporate Equity Securities	3,055,400	863,826
US Partnerships, Corporations and Trusts	48,882,231	65,946,631
Non-US Partnerships and Corporations	47,411,759	73,892,261
	<u>99,349,390</u>	<u>140,702,718</u>

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Page 2, Part II, Line 14 – Description of Land, Buildings, and Equipment:

	Cost Basis	Accumulated Depreciation	(b) Book Value	(c) Fair Market Value
Furniture	265,537	265,537	0	29,000
Equipment	21,567	21,567	0	850
	<u>287,104</u>	<u>287,104</u>	<u>0</u>	<u>29,850</u>

Page 3, Part IV, Line 1 – Capital Gains and Losses for Tax on Investment Income:

	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
a	Publicly Traded Securities	Purchase	Various	Various
b	Capital Gain Dividends	Purchase	Various	Various
c	Pass-through K-1 Capital Gains	Purchase	Various	Various
d	Pass-through K-1 Capital Losses	Purchase	Various	Various
e	Non-US Hedge Funds	Purchase	Various	Various
f	Non-US Gains in Excess of Basis	Purchase	Various	Various

	(e) Gross Sales Price	(f) Depreciation	(g) Cost Basis	(h) Gain or (loss)
a	45,035,915		39,781,493	5,254,422
b	1,505,806		0	1,505,806
c	3,230,149		0	3,230,149
d	0		520,985	-520,985
e	9,600,956		6,707,162	2,893,794
f	1,103,042		0	1,103,042
	<u>60,475,868</u>		<u>47,009,640</u>	<u>13,466,228</u>

	(i) FMV 12/31/69	(j) Adj Basis 12/31/69	(k) Excess	(l) Gain or (loss)
a				5,254,422
b				1,505,806
c				3,230,149
d				-520,985
e				2,893,794
f				1,103,042
				<u>13,466,228</u>

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Page 6, Part VIII, Line 1 – Information About Officers and Directors:

(a) Name and Address	(b) Title and Average Hours Per Week Devoted to Position	(c) Compensation	(d) Contributions to Employee Benefit Plans
Sandra Bacak	Assistant Secretary and Controller 40 Hours	132,500	16,135
Joe M. Bailey	Director Periodic board & committee meetings	18,000	0
Paul Klotman, MD	Director Periodic board meetings	15,000	0
Scott B. Seaman	Director, Treasurer, and Executive Director 15 – 40 Hours	384,500	0
Charles A. Williams	Director and President 10 - 25 Hours	150,000	0
Margaret Alkek Williams	Director Periodic board meetings	15,000	0
Randa D. Williams	Director Periodic board & committee meetings	18,000	0
		733,000	16,135

Part VIII, Column (a) 1100 Louisiana Street, Suite 5250, Houston, TX 77002
Part VIII, Column (d) Includes contributions to employee benefit plan and medical insurance premiums.
Part VIII, Column (e) Payments for expense accounts or other allowances: None.

Page 10, Part XV, Line 2 – Information Regarding Grant Programs:

- a. Name and address: Mr. Charles Williams, President
Albert and Margaret Alkek Foundation
1100 Louisiana St., Suite 5250
Houston, TX 77002
713-652-6601
- b. Application form: See guidelines at www.alkek.org
- c. Submission deadline: None
- d. Restrictions or limitations: Limited to non-profit organizations in the State of Texas

Albert and Margaret Alkek Foundation
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Page 11, Part XV, Line 3a – Grants and Contributions Paid:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Medical:</u>			
Baylor College of Medicine (5 grants) One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Center for Precision Environmental Health	2,448,000
		Department of Molecular Virology and Microbiology	2,000,000
		Therapeutic Innovation Center	2,000,000
		Presidential Endowed Chair	600,000
		Ophthalmology and Otolaryngology Departments	250,000
HeartGift Foundation P.O. Box 691711 Houston, TX 77269	PC	Operational support	25,000
Texas A&M Foundation Clinical Building 1, Suite 1100 1359 TAMU 8441 State Hwy. 47 Bryan, TX 77807-1359	GOV	Engineering Medicine Program for Texas A&M Colleges of Medicine and Engineering	150,000
The University of Texas MD Anderson Cancer Center P.O. Box 4486 Houston, TX 77210	GOV	Metastasis Research	1,000,000
			<hr/> 8,473,000
<u>Cultural:</u>			
Bandera Natural History Museum P.O. Box 1555 Bandera, TX 78003	PC	Operational support	25,000
Houston Ballet Foundation 601 Preston Street Houston, TX 77002	PC	Capital campaign - Jubilee of Dance Endowment	1,250,000
Museum of Fine Arts, Houston P.O. Box 6826 Houston, TX 77265-6826	PC	Endowment for the Director	200,000
River Oaks Chamber Orchestra 1973 West Gray, Suite 3 Houston, TX 77027	PC	Operational support	50,000
			<hr/> 1,525,000

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community:</u>			
AccessHealth 400 Austin Street Richmond, Texas 77469	PC	Senior Care Team	40,000
Amazing Place 3735 Drexel Drive Houston, Texas 77027	PC	Operational support	25,000
American Heart Association – Houston 10060 Buffalo Speedway Houston, Texas 77054	PC	CPR in School Kits	25,000
Arthur Nagel Community Clinic P.O. Box 519 Bandera, TX 78003	PC	Operational support	25,000
Bandera County Young Life P.O. Box 1751 Bandera, TX 78003	PC	Operational support	30,000
Bandera Public Library Corporation P.O. Box 1568 Bandera, TX 78003	PC	Computer upgrades	2,500
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	BCM Wellness 5K Race/Walk	10,000
Boys and Girls Club of Bandera County P.O. Box 3155 Bandera, TX 78003	PC	Operational support	60,000
The Center for Hearing and Speech 1417 Houston Avenue Houston, Texas 77007	PC	Capital Campaign	25,000
Childbuilders 2425 Fountainview Dr., Ste. 210 Houston, Texas 77057	PC	Program support	25,000
Children at Risk 2900 Wesleyan St., Ste. 400 Houston, Texas 77027	PC	Safety Education Program	25,000
Christian Community Service Center, Inc. P.O. Box 27924 Houston, Texas 77227	PC	Capital Campaign	100,000
CHRISTUS Foundation for Healthcare P.O. Box 1919 Houston, Texas 77251	PC	School-based Clinics	40,000

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community:</u> (Continued)			
Mental Health American of Greater Houston 2211 Norfolk, Suite 810 Houston, TX 77098	PC	Hurricane Harvey resilience-focused programming	100,000
Pathways for Little Feet 9 Greenway Plaza, Suite 3150 Houston, TX 77046	PC	Operational support	10,000
re:Mind P.O. Box 27607 Houston, TX 77227	PC	Operational support	25,000
St. Christopher's Episcopal Church Box 314 Bandera, TX 78003	PC	Operational support	59,500
Tejas Health Care P.O. Box 1251 La Grange, TX 78945	PC	LaGrange Clinic renovations	100,000
Texas Brigades 3660 Thousand Oaks Dr., Ste. 126 San Antonio, TX 78247	PC	Operational support	60,000
The Witte Museum 3801 Broadway San Antonio, TX 78209	PC	Land Stewardship Ambassador Program	30,000
			<hr/> 817,000
<u>Educational:</u>			
Episcopal High School P.O. Box 271299 Houston, TX 77277	PC	Alkek Scholars Program	60,000
Southwestern University P.O. Box 770 Georgetown, TX 78627-0770	PC	Scholarship program	100,000
St Mary's University One Camino Santa Maria San Antonio, TX 78228	PC	School of Science, Engineering and Technology	200,000
Texas A&M University-Kingsville Caesar Kleberg Wildlife Research Institute 700 University Blvd, MSC 218 Kingsville, TX 78363	GOV	Captive Ungulate Facility	10,000

Albert and Margaret Alkek Foundation
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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Educational: (Continued)</u>			
Texas State University-San Marcos 601 University Dr. San Marcos, TX 78666	GOV	Construction of the Learning Commons in the Albert B. Alkek Library	200,000
TMI – The Episcopal School of Texas 20955 W Tejas Trail San Antonio, TX 78257	PC	Alkek Scholarships	180,000
University of Houston-Victoria 3007 N. Ben Wilson Houston, TX 77901	GOV	Scholarship endowment for first-generation students	35,000
University of Texas at Austin College of Liberal Arts 116 Inner Campus Dr., G-6300 Austin, Texas 78712	GOV	Department of Germanic Studies	50,000
			<hr/> 835,000
			<hr/> 11,650,000

Page 11, Part XV, Line 3b – Grants and Contributions Approved for Future Payment:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
Baylor College of Medicine (2 grants) One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	Presidential Endowed Chair	600,000
		Center for Precision Environmental Health	232,700
Museum of Fine Arts, Houston P.O. Box 6826 Houston, TX 77265-6826	PC	Endowment for the Director	4,800,000
Texas State University-San Marcos 601 University Dr. San Marcos, TX 78666	GOV	Construction of the Learning Commons in the Albert B. Alkek Library	400,000
University of Houston-Victoria 3007 N. Ben Wilson Houston, TX 77901	GOV	Scholarship endowment for first-generation students	30,000
			<hr/> 6,062,700

**Inclusion of Deferred Foreign Income
Upon Transition to Participation Exemption System**

OMB No. 1545-0123

▶ Attach to tax return.

▶ Go to www.irs.gov/Form965 for instructions and the latest information.

For calendar year 20 <u>19</u> , or other tax year beginning	, 20	, and ending	, 20	, of the filer.
Name of person filing this return Albert and Margaret Alkek Foundation			Identifying number 76-0491186	

Note: Throughout this form, the term "2019 tax year" refers to 2019 calendar tax years and fiscal tax years of the person filing this return that begin in 2019.

Part I Section 965(a) Inclusion			
1	Reserved	1	
2	Reserved	2	
3	2019 tax year section 965(a) inclusions from pass-throughs. Enter the sum here and on your tax return as follows. Corporations: Enter the line 3 total on Form 1120, Schedule C, line 15, column (a), or the corresponding line of other corporate tax returns. All others: See instructions ▶	3	1,664
4	Reserved	4	
5	Reserved	5	
6	Reserved ▶	6	

Part II Section 965(c) Deduction			
7	Reserved	7	
8	Reserved	8	
9	Reserved	9	
10	Reserved	10	
11	Reserved	11	
12	Reserved	12	
13	Reserved	13	
14	Reserved	14	
15	Reserved	15	
16	Reserved	16	
17	2019 tax year section 965(c) deduction from pass-throughs. Enter the sum here and on your tax return as follows. Corporations: Enter the line 17 total on Form 1120, Schedule C, line 15, column (c), or the corresponding line of other corporate tax returns. All others: See instructions	17	

Part III Elections				
A	Was an election made to pay the net tax liability over 8 years as provided for in section 965(h)?		Yes	No
B	Complete if a shareholder in an S corporation. Was an election made to defer payment of net tax liability as provided for in section 965(i)?			
C	Complete if a Real Estate Investment Trust. Was an election made to include income over 8 years as provided for in section 965(m)?			
D	Was an election made not to apply a net operating loss deduction as provided in section 965(n)?			
E	Was the election provided for in Regulations section 1.965-2(f)(2) made?			

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 71279D

Form **965** (Rev. 1-2020)

**Corporate and Real Estate Investment Trust (REIT) Report of Net 965
Tax Liability and Electing REIT Report of 965 Amounts**

► Go to www.irs.gov/Form965B for instructions and the latest information.

OMB No. 1545-0123

Check this box if this is an amended report ☐

Name of taxpayer or REIT	Identifying number	Taxable year of reporting
Albert and Margaret Alkek Foundation	76-0491186	2019

REITs Electing To Account for Section 965 Amounts Over Time Must Fill Out Part III.

Part I Report of Net 965 Tax Liability and Election To Pay in Installments

(a) Year of Section 965(a) Inclusion or Liability Assumed (see instructions)	(b) Taxpayer's Net Tax Liability With all 965 Amounts (see instructions)	(c) Taxpayer's Net Tax Liability Without 965 Amounts (see instructions)	(d) Net 965 Tax Liability (subtract column (c) from column (b))	(e) Installment Election Made		(f) Net 965 Tax Liability To Be Paid in Full in Year 1 (if column (e) is "No," enter amount from column (d))	(g) Net 965 Tax Liability To Be Paid in Installments (if column (e) is "Yes," enter amount from column (d) and see instructions)	(h) Net 965 Tax Liability Transferred (Out), Subsequent Adjustments, if any (see instructions)	(i) Tax Identification Number of Buyer/ Transferee or Seller/ Transferor
				Yes	No				
1	2017	108,694	108,694	20					
2	2018	119,400	119,257	143					
3	2019	142,358	142,341	17					
4									
5									
6									
7									
8									

Part II Record of Amount of Net 965 Tax Liability Paid by the Taxpayer (see instructions)

(a) Year of Section 965(a) Inclusion or Liability Assumed (see instructions)	(b) Paid for Year 1	(c) Paid for Year 2	(d) Paid for Year 3	(e) Paid for Year 4	(f) Paid for Year 5	(g) Paid for Year 6	(h) Paid for Year 7	(i) Paid for Year 8	(j) Net 965 Tax Liability Remaining Unpaid (see instructions)	(k) Net 965 Tax Liability Paid for the Reporting Year
1	2017									
2	2018									
3	2019									
4										
5										
6										
7										
8										
1										
2										
3										
4										
5										
6										
7										
8										
Totals										

Albert and Margaret Alkek Foundation
TIN: 76-0491186
For the Year Ended December 31, 2019
Attachment to Form 965 – Inclusion of Deferred Foreign Income

Part I, Line 2, Section 965(a) Exclusion Amounts for 2019

<u>Pass-Through Entity</u>	<u>Pass-Through TIN</u>	<u>DFIC</u>	<u>Amount</u>
International Private Equity Partners III, LP	06-1563329	NA	797
Commonfund Capital Private Equity Partners VII, LP	20-8306365	NA	867
			<u>1,664</u>

Part I, Line 2, Section 965(a) Exclusion Amounts for 2018

<u>Pass-Through Entity</u>	<u>Pass-Through TIN</u>	<u>DFIC</u>	<u>Amount</u>
Endowment Private Equity Partners IV, LP	06-1563330	NA	3,064
Commonfund Capital International Partners V, LP	16-1720038	NA	7
Commonfund Capital Private Equity Partners VI, LP	16-1720029	NA	541
Commonfund Capital Venture Partners VII, LP	16-1720044	NA	4,967
Commonfund Capital International Partners VI, LP	20-8306365	NA	1,358
Commonfund Capital Private Equity Partners VII, LP	20-8306365	NA	1,180
Tuckerbrook SB Global Distressed Fund I, LP	76-0833755	NA	375
Commonfund Capital Natural Resources Partners VII, LP	51-0605779	NA	2,304
Commonfund Capital Natural Resources Partners VIII, LP	26-3180228	NA	511
			<u>14,307</u>

Part I, Line 5, Section 965(a) Exclusion Amounts for 2017

<u>Pass-Through Entity</u>	<u>Pass-Through TIN</u>	<u>DFIC</u>	<u>Amount</u>
Farallon Capital Institutional Partners, LP	94-3106323	NA	4,581
			<u>4,581</u>

Part II, Section 1, Line 27, 965(c) Deduction for 2017

<u>Pass-Through Entity</u>	<u>Pass-Through TIN</u>	<u>DFIC</u>	<u>Amount</u>
Farallon Capital Institutional Partners, LP	94-3106323	NA	2,552
			<u>2,552</u>

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

OMB No. 1545-0047

2019Department of the Treasury
Internal Revenue Service

For calendar year 2019 or other tax year beginning _____, 2019, and ending _____, 20 _____.

▶ Go to www.irs.gov/Form990T for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

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

A <input type="checkbox"/> Check box if address changed B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a) C Book value of all assets at end of year 178,790,486.	Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) Albert and Margaret Alkek Foundation	D Employer identification number (Employees' trust, see instructions.) 76-0491186
		Number, street, and room or suite no. If a P.O. box, see instructions. 1100 Louisiana St, 5250	E Unrelated business activity code (See instructions.) 525990
		City or town, state or province, country, and ZIP or foreign postal code Houston, TX 77002	
F Group exemption number (See instructions.) ▶		G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust	

H Enter the number of the organization's unrelated trades or businesses. ▶ 1 Describe the only (or first) unrelated trade or business here ▶ Investment partnerships which generate UBTI. If only one, complete Parts I–V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III–V.

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

J The books are in care of ▶ Scott B. Seaman Telephone number ▶ (713) 652-6601

Part I Unrelated Trade or Business Income				(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales					
b	Less returns and allowances		c Balance ▶	1c		
2	Cost of goods sold (Schedule A, line 7)			2		
3	Gross profit. Subtract line 2 from line 1c			3		
4a	Capital gain net income (attach Schedule D)			4a		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			4b		
c	Capital loss deduction for trusts			4c		
5	Income (loss) from a partnership or an S corporation (attach statement)			5	-1,121,794	-1,121,794
6	Rent income (Schedule C)			6		
7	Unrelated debt-financed income (Schedule E)			7		
8	Interest, annuities, royalties, and rents from a controlled organization (Schedule F)			8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			9		
10	Exploited exempt activity income (Schedule I)			10		
11	Advertising income (Schedule J)			11		
12	Other income (See instructions; attach schedule)			12		
13	Total. Combine lines 3 through 12			13	-1,121,794	-1,121,794

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

14	Compensation of officers, directors, and trustees (Schedule K)		14	
15	Salaries and wages		15	
16	Repairs and maintenance		16	
17	Bad debts		17	
18	Interest (attach schedule) (see instructions)		18	
19	Taxes and licenses		19	
20	Depreciation (attach Form 4562)	20		
21	Less depreciation claimed on Schedule A and elsewhere on return	21a	21b	
22	Depletion		22	
23	Contributions to deferred compensation plans		23	
24	Employee benefit programs		24	
25	Excess exempt expenses (Schedule I)		25	
26	Excess readership costs (Schedule J)		26	
27	Other deductions (attach schedule) . . . See Oth Ded Stmt		27	73,451
28	Total deductions. Add lines 14 through 27		28	73,451
29	Unrelated business taxable income before net operating loss deduction. Subtract line 28 from line 13		29	-1,195,245
30	Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)		30	
31	Unrelated business taxable income. Subtract line 30 from line 29		31	-1,195,245

Part III Total Unrelated Business Taxable Income

32	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	32	-1,195,245
33	Amounts paid for disallowed fringes	33	
34	Charitable contributions (see instructions for limitation rules)	34	
35	Total unrelated business taxable income before pre-2018 NOLs and specific deduction. Subtract line 34 from the sum of lines 32 and 33	35	-1,195,245
36	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions)	36	-1,195,245
37	Total of unrelated business taxable income before specific deduction. Subtract line 36 from line 35	37	0
38	Specific deduction (Generally \$1,000, but see line 38 instructions for exceptions)	38	0
39	Unrelated business taxable income. Subtract line 38 from line 37. If line 38 is greater than line 37, enter the smaller of zero or line 37.	39	0

Part IV Tax Computation

40	Organizations Taxable as Corporations. Multiply line 39 by 21% (0.21)	40	0
41	Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 39 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	41	
42	Proxy tax. See instructions	42	
43	Alternative minimum tax (trusts only)	43	
44	Tax on Noncompliant Facility Income. See instructions	44	
45	Total. Add lines 42, 43, and 44 to line 40 or 41, whichever applies	45	0

Part V Tax and Payments

46a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	46a	
b	Other credits (see instructions)	46b	
c	General business credit. Attach Form 3800 (see instructions)	46c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	46d	
e	Total credits. Add lines 46a through 46d	46e	
47	Subtract line 46e from line 45	47	0
48	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	48	
49	Total tax. Add lines 47 and 48 (see instructions)	49	0
50	2019 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 3	50	
51a	Payments: A 2018 overpayment credited to 2019	51a	744,760
b	2019 estimated tax payments	51b	
c	Tax deposited with Form 8868	51c	
d	Foreign organizations: Tax paid or withheld at source (see instructions)	51d	
e	Backup withholding (see instructions)	51e	
f	Credit for small employer health insurance premiums (attach Form 8941)	51f	
g	Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other	51g	
52	Total payments. Add lines 51a through 51g	52	744,760
53	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	53	
54	Tax due. If line 52 is less than the total of lines 49, 50, and 53, enter amount owed	54	
55	Overpayment. If line 52 is larger than the total of lines 49, 50, and 53, enter amount overpaid	55	744,760
56	Enter the amount of line 55 you want: Credited to 2020 estimated tax 744,760. Refunded	56	

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

57	At any time during the 2019 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country here	Yes	No
58	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file.		X
59	Enter the amount of tax-exempt interest received or accrued during the tax year	\$	4,648.

Sign Here

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

Signature of officer

Date

Executive Director

Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No**Paid Preparer Use Only**

Print/Type preparer's name

Cynthia G. Matthews

Preparer's signature

Cynthia G. Matthews

Date

11/13/2020

Check ☐ if self-employed

PTIN

P00286341

Firm's name Ham, Langston & Bredina, LLP

Firm's EIN 26-3922905

Firm's address 11550 Fuqua St Ste 475, Houston, TX 77034-4304

Phone no. (713) 621-1177

Albert and Margaret Alkek Foundation
TIN: 76-0491186
Form 990-T Supporting Schedules
For the Year Ended December 31, 2019

Page 1, Part I, Line 5 – Income (Loss) from a Partnership or S Corporation:

Loss from Partnerships	
Income	4,145,090
Realized Gains	247,005
Deductions*	-5,513,889
	<u>-1,121,794</u>

*Deductions exclude \$133,747 of percentage depletion deduction for 2019 which are carried forward and \$15,268 of Disallowed Excess Business Interest Expense for 2019 which are carried forward.
Total percentage depletion deduction carried forward for 2018 and 2019 is \$377,285.
Total Disallowed Excess Business Interest Expense carried forward is \$15,268 for 2019.

Page 1, Part II, Line 28 – Other Deductions:

Indirect Management and General Expense	
Allocated Compensation, Payroll Taxes, Pension and Medical Insurance	63,591
Allocated Professional Fees and General Expense	2,987
Allocated Operating Cost - Custody Fees	1,312
Direct Form 990-T Filing Expenses - Tax Review and Postage	5,561
	<u>73,451</u>

Net Operating Loss Carryforward:

	Beginning Net Operating Loss Carryforward	Net Operating Loss Carryforward	Application of Net Operating Loss Deduction	Ending Net Operating Loss Carryforward
2018	0	145,403	0	145,403
2019	145,403	1,195,245	0	1,340,648
		<u>1,340,648</u>	<u>0</u>	

**Limitation on Business Interest Expense
Under Section 163(j)**

► **Attach to your tax return.**

► **Go to www.irs.gov/Form8990 for instructions and the latest information.**

OMB No. 1545-0123

Taxpayer name(s) shown on tax return

Identification number

Albert and Margaret Alkek Foundation

76-0491186

If Form 8990 relates to an information return for a foreign entity (for example, Form 5471), enter:

Name of foreign entity ►

Employer identification number, if any ►

Reference ID number ►

Part I Computation of Allowable Business Interest Expense

Part I is completed by all taxpayers subject to section 163(j). Schedule A and Schedule B need to be completed before Part I when the taxpayer is a partner or shareholder of a pass-through entity subject to section 163(j).

Section I—Business Interest Expense

1	Current year business interest expense (not including floor plan financing interest expense), before the section 163(j) limitation	1		
2	Disallowed business interest expense carryforwards from prior years. (Does not apply to a partnership)	2		
3	Partner's excess business interest expense treated as paid or accrued in current year (Schedule A, line 44, column (h))	3	0	
4	Floor plan financing interest expense. See instructions	4		
5	Total business interest expense. Add lines 1 through 4 ►	5		0

Section II—Adjusted Taxable Income

Taxable Income

6	Taxable income. See instructions	6	
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Additions (adjustments to be made if amounts are taken into account on line 6)

7	Any item of loss or deduction that is not properly allocable to a trade or business of the taxpayer. See instructions	7		
8	Any business interest expense not from a pass-through entity. See instructions	8		
9	Amount of any net operating loss deduction under section 172	9		
10	Amount of any qualified business income deduction allowed under section 199A	10		
11	Deduction allowable for depreciation, amortization, or depletion attributable to a trade or business. See instructions	11		
12	Amount of any loss or deduction items from a pass-through entity. See instructions	12		
13	Other additions. See instructions	13		
14	Total current year partner's excess taxable income (Schedule A, line 44, column (f))	14		
15	Total current year S corporation shareholder's excess taxable income (Schedule B, line 46, column (c))	15		
16	Total. Add lines 7 through 15 ►	16		

Reductions (adjustments to be made if amounts are taken into account on line 6)

17	Any item of income or gain that is not properly allocable to a trade or business of the taxpayer. See instructions	17	()	
18	Any business interest income not from a pass-through entity. See instructions	18	()	
19	Amount of any income or gain items from a pass-through entity. See instructions	19	()	
20	Other reductions. See instructions	20	()	
21	Total. Combine lines 17 through 20 ►	21	()	
22	Adjusted taxable income. Combine lines 6, 16, and 21. (If zero or less, enter -0-.) ►	22		

Section III – Business Interest Income

23	Current year business interest income. See instructions	23		
24	Excess business interest income from pass-through entities (total of Schedule A, line 44, column (g), and Schedule B, line 46, column (d))	24		0
25	Total. Add lines 23 and 24		▶	25 0

Section IV – 163(j) Limitation Calculations**Limitation on Business Interest Expense**

26	Multiply adjusted taxable income (line 22) by the applicable percentage. See instructions	26		
27	Business interest income (line 25)	27		
28	Floor plan financing interest expense (line 4)	28		
29	Total. Add lines 26, 27, and 28		▶	29

Allowable Business Interest Expense

30	Total current year business interest expense deduction. See instructions.	30		0
-----------	--	-----------	--	---

Carryforward

31	Disallowed business interest expense. Subtract line 29 from line 5. (If zero or less, enter -0-.)	31		0
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Part II Partnership Pass-Through Items

Part II is only completed by a partnership that is subject to section 163(j). The partnership items below are allocated to the partners and are not carried forward by the partnership. See the instructions for more information.

Excess Business Interest Expense

32	Excess business interest expense. Enter amount from line 31	32		
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Excess Taxable Income (If you entered an amount on line 32, skip lines 33 through 37.)

33	Subtract the sum of lines 4 and 25 from line 5. (If zero or less, enter -0-.)	33		
34	Subtract line 33 from line 26. (If zero or less, enter -0-.)	34		
35	Divide line 34 by line 26. Enter the result as a decimal. (If line 26 is zero, enter -0-.)	35		.
36	Excess taxable income. Multiply line 35 by line 22	36		

Excess Business Interest Income

37	Excess business interest income. Subtract the sum of lines 1, 2, and 3 from line 25. (If zero or less, enter -0-.)	37		
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Part III S Corporation Pass-Through Items

Part III is only completed by S corporations that are subject to section 163(j). The S corporation items below are allocated to the shareholders. See the instructions for more information.

Excess Taxable Income

38	Subtract the sum of lines 4 and 25 from line 5. (If zero or less, enter -0-.)	38		
39	Subtract line 38 from line 26. (If zero or less, enter -0-.)	39		
40	Divide line 39 by line 26. Enter the result as a decimal. (If line 26 is zero, enter -0-.)	40		.
41	Excess taxable income. Multiply line 40 by line 22	41		

Excess Business Interest Income

42	Excess business interest income. Subtract the sum of lines 1, 2, and 3 from line 25. (If zero or less, enter -0-.)	42		
-----------	---	-----------	--	--

SCHEDULE A Summary of Partner's Section 163(j) Excess Items

Any taxpayer that owns an interest in a partnership subject to section 163(j) should complete Schedule A before completing Part I.

(a) Name of partnership	(b) EIN	Excess Business Interest Expense			(f) Current year excess taxable income	(g) Current year excess business interest income	(h) Excess business interest expense treated as paid or accrued (see instructions)	(i) Current year excess business interest expense carryforward (e) minus (h)
		(c) Current year	(d) Prior year carryforward	(e) Total ((c) plus (d))				
43 Marble Capital Fund II LP	83-2179002	15,268	0	15,268	0	0	0	15,268
44 Total					0	0	0	

SCHEDULE B Summary of S Corporation Shareholder's Excess Taxable Income and Excess Business Interest Income

Any taxpayer that is required to complete Part I and is a shareholder in an S corporation that has excess taxable income or excess business interest income should complete Schedule B before completing Part I.

(a) Name of S corporation	(b) EIN	(c) Current year excess taxable income	(d) Current year excess business interest income
45			
46 Total			