Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning Jul 1 , 2010, and ending Jun 30 , 2011

G Check all that apply [ ] Initial return [ ] Initial Return of a former public charity [ ] Final return
[ ] Amended return [ ] Address change [ ] Name change

Name of foundation: ADLER FOUNDATION

A Employer identification number: 76-0001183

Number and street (or P O box number if mail is not delivered to street address): 4899 MONTROSE BLVD — Room/suite: 1312

B Telephone number (see the instructions): (713) 524-7777

City or town: HOUSTON — State: TX — ZIP code: 77006-6169

C If exemption application is pending, check here ▶ [ ]

D 1 Foreign organizations, check here ▶ [ ]
2 Foreign organizations meeting the 85% test, check here and attach computation ▶ [ ]

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ [ ]

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ [ ]

H Check type of organization [X] Section 501(c)(3) exempt private foundation
[ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, column (c), line 16)* ▶ $ 4,624,738.

J Accounting method [X] Cash [ ] Accrual
[ ] Other (specify) ____________
(Part I, column (d) must be on cash basis)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see the instructions))*

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1 Contributions, gifts, grants, etc, received (att sch)				
	2 Ck ▶ [X] if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	3,545.	3,545.		
	4 Dividends and interest from securities	86,034.	86,034.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	31,198.			
	b Gross sales price for all assets on line 6a 220,942.				
	7 Capital gain net income (from Part IV, line 2)		31,198.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit/(loss) (att sch)				
	11 Other income (attach schedule) See Line 11 Stmt	-48,822.			
	12 **Total.** Add lines 1 through 11	71,955.	120,777.		
OPERATING AND ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) L-16a Stmt	7,730.			7,730.
	b Accounting fees (attach sch) L-16b Stmt	5,376.	2,688.		2,688.
	c Other prof fees (attach sch)				
	17 Interest	648.	648.		
	18 Taxes (attach schedule)(see instr) FOREIGN TX WITHH	943.	943.		
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule) See Line 23 Stmt	343.	236.		107.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	15,040.	4,515.		10,525.
	25 Contributions, gifts, grants paid	178,154.			178,154.
	26 **Total expenses and disbursements.** Add lines 24 and 25	193,194.	4,515.		188,679.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	-121,239.			
	b **Net investment income** (if negative, enter -0-)		116,262.		
	c **Adjusted net income** (if negative, enter -0-)				

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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	175.	1,500.	1,500.
	2	Savings and temporary cash investments	22,404.	15,275.	15,275.
	3	Accounts receivable ►			
		Less allowance for doubtful accounts ►	1,750.	0.	0.
	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 the instructions)			
	7	Other notes and loans receivable (attach sch) ►			
		Less allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments – U S and state government obligations (attach schedule)			
	b	Investments – corporate stock (attach schedule) L-10b Stmt	1,094,562.	1,007,566.	2,848,752.
	c	Investments – corporate bonds (attach schedule)			
	11	Investments – land, buildings, and equipment basis ►			
		Less accumulated depreciation (attach schedule) ►			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule) L-13 Stmt	268,016.	238,500.	1,759,211.
	14	Land, buildings, and equipment basis ►			
		Less accumulated depreciation (attach schedule) ►			
	15	Other assets (describe ►)			
	16	**Total assets** (to be completed by all filers – see instructions Also, see page 1, item I)	1,386,907.	1,262,841.	4,624,738.
LIABILITIES	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & 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 SFAS 117, check here ► ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ► ☒ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	1,386,907.	1,262,841.	
	30	**Total net assets or fund balances** (see the instructions)	1,386,907.	1,262,841.	
	31	**Total liabilities and net assets/fund balances** (see the instructions)	1,386,907.	1,262,841.	

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	1,386,907.
2	Enter amount from Part I, line 27a	2	-121,239.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	1,265,668.
5	Decreases not included in line 2 (itemize) ► See Other Decreases Stmt	5	2,827.
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	1,262,841.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a	BANCO SANTANDER SA FRAC SHARE	P	01/11/11	01/14/11
b	BANCO SANTANDER SA FRAC SHARE	P	10/14/10	11/10/10
c	CITIGROUP INC 330SHS	P	12/10/10	06/06/11
d	GENERAL ELECTRIC CO 1270SHS	P	09/19/91	01/05/11
e	See Columns (a) thru (d)			

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	4.		0.	4.
b	11.		0.	11.
c	12,801.		15,952.	-3,151.
d	23,621.		7,391.	16,230.
e	See Columns (e) thru (h)		166,401.	18,104.

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

	(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				4.
b				11.
c				-3,151.
d				16,230.
e	See Columns (i) thru (l)			18,104.

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	31,198.
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 the instructions) If (loss), enter -0- in Part I, line 8	3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? [ ] Yes [X] 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 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 (column (b) divided by column (c))
2009	158,556.	3,600,584.	0.044036
2008	211,133.	3,196,921.	0.066043
2007	199,055.	4,279,752.	0.046511
2006	157,775.	4,114,400.	0.038347
2005	197,847.	3,728,568.	0.053062

2	**Total** of line 1, column (d)	2	0.247999
3	Average distribution ratio for the 5-year base period – divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.049600
4	Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	4,338,370.
5	Multiply line 4 by line 3	5	215,183.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,163.
7	Add lines 5 and 6	7	216,346.
8	Enter qualifying distributions from Part XII, line 4	8	188,679.

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 the instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ► ☐ and enter 'N/A' on line 1				
Date of ruling or determination letter ________ **(attach copy of letter if necessary – see instr.)**				
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► ☐ and enter 1% of Part I, line 27b			1	2,325.
c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)				
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			2	0.
3 Add lines 1 and 2			3	2,325.
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	2,325.
6 Credits/Payments				
a 2010 estimated tax pmts and 2009 overpayment credited to 2010	6a	2,136.		
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	2,136.
8 Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ►			9	189.
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ►			10	0.
11 Enter the amount of line 10 to be **Credited to 2011 estimated tax** ►	0.	**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 definition)?	1b		X
If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c Did the foundation file **Form 1120-POL** for this year?	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 General Instruction T*	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, column (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see the instructions) ► TX - Texas			
b If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If 'No,' attach explanation*	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 2010 or the taxable year beginning in 2010 (see 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 acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ► N/A

14 The books are in care of ► LOUIS K. ADLER Telephone no ► (713) 524-7777

Located at ► 4899 MONTROSE BLVD #1312 HOUSTON TX ZIP + 4 ► 77006-6169

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

			Yes	No
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If 'Yes,' enter the name of the foreign country ►			

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?	☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☒ 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)?	☐ Yes ☒ 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)	☐ Yes ☒ 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 the instructions)?		1b		
	Organizations relying on a current notice regarding disaster assistance check here	► ☒			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2010?		1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010?	☐ Yes ☒ 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 the 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?	☐ Yes ☒ No			
b	If 'Yes,' did it have excess business holdings in 2010 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969; **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2010)*		3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?		4b		X

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

		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))?	☐ Yes ☒ No		
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☒ No		
(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☒ No		
(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)	☐ Yes ☒ No		
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes ☒ No		
b If any answer is 'Yes' to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)?	**5b**		
Organizations relying on a current notice regarding disaster assistance check here	► ☐		
c If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? *If 'Yes,' attach the statement required by Regulations section 53 4945-5(d)*	☐ Yes ☐ No		
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? *If 'Yes' to 6b, file Form 8870*	**6b**		X
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?	**7b**		

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

1 List all officers, directors, trustees, foundation managers and their compensation (see 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
LOUIS K. ADLER 4899 MONTROSE BLVD #1312 HOUSTON TX 77006	PRES & TREAS 1.00	0.	0.	0.
GAIL F. ADLER 4899 MONTROSE BLVD #1312 HOUSTON TX 77006	V.PRES & SEC 1.00	0.	0.	0.
MARC F. ADLER 4899 MONTROSE BLVD #1312 HOUSTON TX 77006	TRUSTEE 1.00	0.	0.	0.

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
NO PAID EMPLOYEES				
0				
0				
0				
0				
Total number of other employees paid over $50,000			►	NONE

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
NO PAID PROFESSIONAL SERVICES OVER $50,000.00	N/A	
Total number of others receiving over $50,000 for professional services ►		NONE

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 NONE	0.
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	4,375,014.
b Average of monthly cash balances	1b	29,423.
c Fair market value of all other assets (see instructions)	1c	0.
d **Total** (add lines 1a, b, and c)	1d	4,404,437.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) | 1e |		
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	4,404,437.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	66,067.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,338,370.
6 **Minimum investment return.** Enter 5% of line 5	6	216,919.

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	216,919.
2a Tax on investment income for 2010 from Part VI, line 5	2a	2,325.		
b Income tax for 2010 (This does not include the tax from Part VI)	2b			
c Add lines 2a and 2b			2c	2,325.
3 Distributable amount before adjustments Subtract line 2c from line 1			3	214,594.
4 Recoveries of amounts treated as qualifying distributions			4	
5 Add lines 3 and 4			5	214,594.
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	214,594.

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	188,679.
b Program-related investments – total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 **Qualifying distributions** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	188,679.
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	0.
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	188,679.

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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				214,594.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			174,663.	
b Total for prior years 20 09, 20 08, 20 07		0.		
3 Excess distributions carryover, if any, to 2010				
a From 2005 — 0.				
b From 2006 — 0.				
c From 2007 — 0.				
d From 2008 — 0.				
e From 2009 — 0.				
f **Total** of lines 3a through e	0.			
4 Qualifying distributions for 2010 from Part XII, line 4 ► $ 188,679.				
a Applied to 2009, but not more than line 2a			174,663.	
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 2010 distributable amount				14,016.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2010 *(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				
d Subtract line 6c from line 6b. Taxable amount – see instructions		0.		
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount – see instructions			0.	
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				200,578.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see instructions)	0.			
9 **Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2006 — 0.				
b Excess from 2007 — 0.				
c Excess from 2008 — 0.				
d Excess from 2009 — 0.				
e Excess from 2010 — 0.				

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 2010, enter the date of the ruling ►

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

	Tax year	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
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 Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a 'Assets' alternative test – enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b 'Endowment' alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c 'Support' alternative test – enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 **Information Regarding Foundation Managers:**

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

LOUIS K. AND GAIL F. ADLER

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 ► [X] 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

N/A

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

N/A

c Any submission deadlines

N/A

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

N/A

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE ATTACHMENT	SEE ATTACHMENT	N/A	SEE ATTACHMENT	178,154.
Total ► 3a				178,154.
b Approved for future payment				
UNIV OF TX.HEALTH SCIENCE CENTER PO BOX 20036 HOUSTON TX 77225	SEE ATTACHMENT	N/A	SEE ATTACHMENT	10,000.
Total ► 3b				10,000.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (see the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	3,545.	
4 Dividends and interest from securities			14	86,034.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	31,198.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a BOARDWALK PIPELINE PARTNERS LP	900000	-1,785.			
b ENBRIDGE ENERGY PARTNERS LP	900000	-2,502.			
c ENTERPRISE GP HOLDINGS LP	900000	-18,591.			
d K-1 ENTERPRISE PRODUCTS PARTNERS LP	900000	-6,090.			
e See Other Revenue Stmt		-19,854.			
12 Subtotal Add columns (b), (d), and (e)		-48,822.		120,777.	
13 Total. Add line 12, columns (b), (d), and (e)				13	71,955.

(See worksheet in line 13 instructions to verify calculations)

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

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 the instructions)

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

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting 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.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

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 ☒ No

b If 'Yes,' complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship

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 or fiduciary) is based on all information of which preparer has any knowledge

Signature of officer or trustee: [signature] Date: 11/9/11 Title: PRESIDENT

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if ☐ if self-employed	PTIN
ELAINE JONES	ELAINE JONES	11/08/11		

Firm's name ▶ ELAINE JONES TAX & BOOKKEEPING INC. Firm's EIN ▶

Firm's address ▶ 2305 DIXIE WOODS DR PEARLAND TX 77581 Phone no (281) 993-2364

TEEA0503 02/15/11

Form 990-PF, Page 1, Part I, Line 11
Line 11 Stmt

Other income.	Rev/Exp Book	Net Inv Inc	Adj Net Inc
K-1 BOARDWALK PIPELINE PARTNERS	-1,785.		
K-1ENBRIDGE ENERGY PARTNERS LP	-2,502.		
K-1 ENTERPRISE GP HOLDINGS LP	-18,591.		
K-1 ENTERPRISE PRODUCTS PARTNERS	-6,090.		
K-1 KINDER MORGAN ENERGY PARTNER	-13,345.		
K-1 LINN ENERGY LLC	-5,705.		
K-1 NUSTAR GP HOLDINGS LLC	-482.		
K-1 WILLIAMS PARTNERS LP	-322.		
Total	-48,822.		

Form 990-PF, Page 1, Part I, Line 23
Line 23 Stmt

Other expenses:	Rev/Exp Book	Net Inv Inc	Adj Net Inc	Charity Disb
NEUBERGER BERMAN LLC INVESTMENT	120.	120.		
TIM PARTISICIPACOES SA	10.	10.		
BANK CHARGES	213.	106.		107.
Total	343.	236.		107.

Form 990-PF, Page 2, Part III, Line 5
Other Decreases Stmt

NONDEDUCTIBLE EXPENSES	429.
FORM 990 PF ESTIMATED TAXES	2,398.
Total	2,827.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (a) thru (d)

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shares MLC Company)	(b) How acquired P-Purchase D-Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
GENERAL ELECTRIC CO 1700SHS	P	09/19/91	01/21/11
GENERAL ELECTRIC CO 1050SHS	P	09/19/91	06/09/11
KINDER MORGAN ENERGY PARTNERS LP	P	09/27/01	Various
LOCKHEED MARTIN CORP 1000SHS	P	10/12/09	11/24/10
PETROLEO BRASILEIRO SA	P	06/30/08	06/06/11
TELECOMMUNICACOES DE SAO FRAC SHARE	P	10/28/98	06/14/11
TIM PARTICIPACOES SA 270SHS	P	10/28/98	02/04/11
WSP HOLDINGS LTD 5000SHS	P	07/13/09	11/24/10
WSP HOLDINGS LTD 10000SHS	P	11/25/09	11/24/10
K-1 BOARDWALK PIPELINE PARTNERS LP	P	02/28/08	12/31/10
K-1 LINN ENERGY LLP	P	06/05/09	12/31/10

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (e) thru (h)

(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)
32,912.		9,894.	23,018.
19,425.		6,111.	13,314.
31,737.		0.	31,737.
68,457.		74,210.	-5,753.
4,202.		8,075.	-3,873.
27.		0.	27.
10,155.		4,289.	5,866.
5,793.		28,050.	-22,257.
11,586.		35,697.	-24,111.
211.		0.	211.
0.		75.	-75.
Total		166,401.	18,104.

Form 990-PF, Part IV, Capital Gains and Losses for Tax on Investment Income
Columns (i) thru (l)

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			**(l)** Gains (column (h) gain minus column (k), but not less than -0-) **or** losses (from column (h))
(i) Fair Market Value as of 12/31/69	**(j)** Adjusted basis as of 12/31/69	**(k)** Excess of column (i) over column (j), if any	
			23,018.
			13,314.
			31,737.
			-5,753.
			-3,873.
			27.
			5,866.
			-22,257.
			-24,111.
			211.
			-75.
Total			18,104.

Form 990-PF, Page 12, Part XVI-A, Line 11
Other Revenue Stmt

Other revenue:	Business code	Amount	Exclusion code	Amount	Related/exempt function income
K-1KINDER MORGAN ENERGY PARTNE	900000	-13,345.			
K-1 LINN ENERGY LLC	900000	-5,705.			
K-1 NUSTAR GP HOLDINGS LLC	900000	-482.			
K-1 WILLIAMS PARTNERS LP	900000	-322.			
THE ABOVE ARE PUBLICLY TRADED					
Totals		-19,854.			

Form 990-PF, Page 1, Part I
Line 16a - Legal Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
VINSON & ELKINS LLP	AMENDED & RESTATED BYL	7,730.			7,730.
Total		7,730.			7,730.

Form 990-PF, Page 1, Part I
Line 16b - Accounting Fees

Name of Provider	Type of Service Provided	Amount Paid Per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ELAINE JONES TAX & B	BOOKKEEPING SERVICE	5,376.	2,688.		2,688.
Total		5,376.	2,688.		2,688.

Form 990-PF, Page 2, Part II, Line 10b
L-10b Stmt

Line 10b - Investments - Corporate Stock:	End of Year Book Value	Fair Market Value
AET+D HOLDING NO 1 LIMITED 9000SHS	0.	0.
ALTRIA GROUP INC 1500SHS	25,122.	39,615.
BANCO SANTANDER SA 3610SHS	38,392.	41,551.
BANK NEW YORK MELLON CORP 1000SHS	28,390.	25,620.
CHEVRON CORPORATION 4000SHS	71,708.	411,360.
CITIGROUP CAP XII 1000SHS	25,945.	25,820.
CITIGROUP INC 670SHS	21,105.	27,899.
CLECO CORP HLDGS 20000SHS	124,028.	697,000.
COCA COLA CO 4000SHS	20,484.	269,160.
COMPANHIA BRASILEIRA DE 300SHS	11,112.	14,085.
CONOCOPHILLIPS 400SHS	23,756.	30,076.
EXXON MOBIL CORP 6000SHS	138,139.	488,280.
GENERAL ELECTRIC CO 4950SHS	28,785.	93,357.
ISHARES TR FTSE CHINA 3000SHS	80,482.	128,850.
MACK-CALI REALTY CORP 1500SHS	54,659.	49,410.
OCCIDENTAL PETE CORP 1400SHS	68,403.	145,656.
PETROLEO BRASILEIRO SA 4000SHS	92,380.	122,720.
PHILIP MORRIS INTERNATIONAL INC 2500SHS	106,514.	166,925.
STARWOOD PROPERTY TRUST INC 1350SHS	26,636.	27,689.
TELECOMUNICACOES DE SAO 571SHS	2,536.	16,959.
VODAFONE GROUP PLC 1000SHS	18,990.	26,720.
Total	1,007,566.	2,848,752.

Form 990-PF, Page 2, Part II, Line 13
L-13 Stmt

Line 13 - Investments - Other:	End of Year Book Value	Fair Market Value
KINDER MORGAN ENERGY PARTNERS L.P. 7100 UNITS	-101,826.	515,460.
EL PASO PIPELINE PARTNERS LP 300 UNITS	11,060.	10,425.
ENTERPRISE PRODUCTS PRODUCTS PARTNERS LP 21000 UNITS	160,669.	907,410.
ENBRIDGE ENERGY PARTNERS LP 2000 UNITS	33,291.	60,140.
BOARDWALK PIPELINE PARTNERS LP 500 UNITS	30,368.	49,368.
LINN ENERGY LLC 3000 UNITS	38,512.	117,210.
BROOKFIELD INFRASTRUCTURE PARTNERS LP 2160 UNITS	27,071.	54,108.
NUSTAR GP HOLDINGS LLC 500 UNITS	16,898.	18,000.
WILLIAMS PARTNERS LP 500 UNITS	22,457.	27,090.
Total	238,500.	1,759,211.

Attached to Form 990-PF

Taxpayer Adler Foundation, FEIN 76-0001183
4899 Montrose Blvd #1312
Houston, TX 77006-6169

Fiscal Year Ended June 30, 2011

Part XV-Item 3(a)-Contributions Paid

American Cancer Society	2433 Ridgepoint Dr A	Austin, TX 78754	75 00
American Festival for The Arts	3311 Richmond Ave Ste 350	Houston, TX 77098	250 00
American Jewish Committee	165 East 56 Street	New York, NY 10022	10,000 00
Assistance League of Houston	1902 Commonwealth	Houston, TX 77006-1836	75 00
Baylor College of Medicine	One Baylor Plaza, MS BCM160	Houston TX 77030-3411	50 00
Boulder Museum of Contemporary Art	1750 13th Street	Boulder CO 80302	1,000 00
Children's Museum of Houston	1500 Binz	Houston TX 77004	13,500 00
COLLAGE The Art For Cancer Network	1425 Branard Street Ste 2	Houston, TX 77006	1,000 00
Congregation Beth Israel	5600 N Braeswood Blvd	Houston, TX 77096	10,000 00
Congregation Emanu El	1500 Sunset Blvd	Houston TX 77005	100 00
Contemporary Arts Museum Houston	5216 Montrose Blvd	Houston TX 77006	375 00
Cornell University	130 E Seneca Street	Ithaca, NY 14850	100 00
Dr Marnie Rose Foundation	5090 Richmond Ave PMB-291	Houston TX 77096	25 00
Dress for Success Houston	3915 Dacoma, Ste A	Houston TX 77092	25 00
El Museo Del Barrio New York	1230 Fifth Ave at 104th Street	New York, NY 10029	27,000 00
Emory University	1300 Clifton Road	Atlanta, GA 30322	10,000 00
Episcopal High School	4650 Bissonnet	Bellaire, TX 77401	5,100 00
George W Bush Presidential Center	P O Box 560887	Dallas, TX 75356	100 00
Houston Area Parkinson Society	2700 Southwest Freeway, Ste 296	Houston TX 77098	50 00
Houston Museum of Natl Science	One Herman Circel Drive	Houston, TX 77030	65 00
Houston Pi Beta Phi Foundation	3815 Iverness Drive	Houston TX 77019-1105	500 00
Jewish Community Center of Houston	5601 S Braeswood	Houston, TX 77096	450 00
Jewish Family Service	4131 S Braeswood	Houston, TX 77025	500 00
Jewish Federation of Greater Houston	5603 S Braeswood	Houston, TX 77096	2,100 00
Juvenile Diabetes Research Fdn Intnl	120 Wall Street - 19th Floor	New York, NY 10005	200 00
Lawndale Art Center	4912 Main Street	Houston, TX 77002	80 00
Lowe's Charitable and Educational Fdn	1000 Lowe's Blvd	Mooresville NC 28117	7,126 00
M D Anderson Cancer Center	1515 Holcombe Blvd	Houston, TX 77030	250 00
Methodist Hospital Foundation	PO Box 4384	Houston TX 77210-4384	625 00
Muscular Dystrophy Association	5615 Kirby, Ste 780	Houston TX 77005	565 00
Museum of Fine Arts, Houston	1001 Bissonnet	Houston, TX 77005	56,375 00
National Right to Work Foundation	8001 Braddock Road	Springfield, VA 22160	125 00
Northwestern University	2020 Ridge Avenue	Evanston, IL 60208	100 00
Ocean Energy Research Institute	91 Camden Street, Ste 401	Rockland, Maine 04841	100 00
Ortiz Gurdian Foundation Inc	3191 Coral Way, Ste 801	Miami, FL 33145	2,000 00
Pine Manor College	400 Heath Street	Chestnut Hill, MA 02467	100 00
Pink Project Inc	1210 W Clay #26	Houston, TX 77019	100 00
Prevent Blindness Texas	2202 Waugh Drive	Houston TX 77006	100 00
Rise School of Houston	8080 North Stadium Drive	Houston TX 77054	100 00
Seven Acres Jewish Senior Care Svcs	6200 North Braeswood	Houston, TX 77074	1,000 00
St Luke's Episcopal Hospital	6624 Fannin, Ste 1100	Houston TX 77030	100 00
Teach for America	4669 Southwest Freeway, Ste 600	Houston TX 77027	100 00
Teachers College, Columbia University	Box 306, 525 W 120th Street	New York, NY 10027	100 00
Texas Heart Institute	P O Box 20345	Houston, TX 77225	5,000 00
The 100 Club, Inc	2603 Augusta Dr , Ste 840	Houston, TX 77057	100 00
The Chaplaincy Fund, Inc	P O Box 691284	Houston, TX 77269	100 00
The Health Museum	1515 Hermann Drive	Houston, TX 77004	100 00
The Heritage Foundation	214 Massachusetts Avenue, NE	Washington, DC 20002	100 00
The Menil Foundation, Inc	1515 Branard	Houston, TX 77006	4,860 00
Univ Of TX Hlth Sci Ctr Houston	P O Box 20036	Houston, TX 77225	2,100 00
University of Houston	306 McElhinney Hall	Houston, TX 77204	12,600 00
William Marsh Rice University	P O Box 1892	Houston, TX 77251	1,250 00
Young Audiences of Houston	1800 St James Place #303	Houston, TX 77056	250 00
K-1 Boardwalk Pipeline Partners, LP	9 Greenway Plaza Ste 2800	Houston, TX 77046	4 00
K-1 Enbridge Energy Partners, LP	1100 Louisiana Ste 3300	Houston, TX 77002	4 00
			178,154 00

NOTE 1 THE CONTRIBUTIONS LISTED ABOVE WERE MADE FOR THE GENERAL PURPOSES INHERENT IN THE NAMES AND ACTIVITIES OF THE DONEE ORGANIZATIONS, WITHOUT ANY RESTRICTION WHATEVER UPON OR SPECIFIC DESIGNATION FOR THE APPLICATIONS OF THE PROCEEDS OF THE CONTRIBUTIONS BY THE DONOR ORGAINIZATION

NOTE 2 THE DONEE ORGANIZATIONS LISTED ABOVE ARE NOT RELATED BY BLOOD, MARRIAGE, ADOPTION, EMPLOYMENT OR OTHERWISE TO ANY PERSON HAVING AN INTEREST IN THE DONOR ORGANIZATION

NOTE 3 ALL OF THE ABOVE LISTED CHARITIES ARE PUBLIC CHARITIES

MENIL FOUNDATION INC 1519 BRANARD HOUSTON TEXAS 77006 713.525.9400
FAX 713.533.9786

November 4, 2011

Mr. Louis Adler
The Adler Foundation
4899 Montrose Blvd., Ste. 1312
Houston, TX 77006

RE: Annual Expenditure Responsibility Report for a grant in Support of General Museum Operations in the amount of $4,760, check #223, dated June 8, 2011; and a grant in support of General Museum Operations given in memory of Marion Knox Barthelme in the amount of $100, check #2214, dated June 8, 2011

Dear Mr. Adler,

This letter is intended to satisfy the responsibility of the Menil Foundation, Inc. ("Menil") for reporting to The Adler Foundation for the above-referenced grants received in fiscal year 2011. Please be assured that the grant funds were used solely for the support of General Museum Operations.

For the fiscal year ended June 30, 2011, the Menil's revenues from all sources, both restricted and unrestricted, were $30.5 million, excluding unrealized gains and losses from investments, works of art and additions to the permanent endowments. Of this total revenue, $20.8 million was specifically designated for the operations of the Menil. Ongoing operations of the Menil incurred expenditures of $16.9 million during the same period including art acquisitions and capital equipment.

In addition to exhibiting selections from its world-renowned permanent collection of art, The Menil Collection presented diverse special exhibitions and public programs during the grant period. Of the ever-increasing number of people who visited the museum this year, many came from out of state as well as from Latin America, Europe and Asia.

Among the year's exhibition highlights were: **Objects of Devotion (August-October 2010); Earth Paint Paper Wood: Recent Acquisitions (August-December 2010); Kurt Schwitters: Color and Collage (October 2010-January 2011); Kissed by Angels: A Selection of Work from Southern California (November 2010-February 2011); Vija Celmins: Television and Disaster, 1964-1966 (November 2010-February 2011); Tony Smith: Drawings (December 2010-April 2011); The Whole World Was Watching: Civil Rights-Era Photographs from Edmund Carpenter and Adelaide de Menil (March-September 2011); Upside Down Arctic Realities (April-July 2011) and Ancestors of the Lake: Art of Lake Sentani and Humboldt Bay, New Guinea (May-August 2011).** Public programs included ***The Artist's Eye Series*** (first Sunday of each month), museum tours, gallery talks, symposiums, readings and lectures.

As a part of this report, a copy of the audited financial statements for the fiscal year ended June 30, 2011 (July 1, 2010 to June 30, 2011) prepared by Deloitte and Touche LLP for the Menil Foundation Inc. is also enclosed.

Thank you again for the generous donations from The Adler Foundation. With your support, The Menil Collection continues to serve as a vital cultural resource and source of pride for the citizens of Houston.

Sincerely,

Tom M

Thomas J. Madonna
Chief Financial Officer

TJM/eg