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

2011

Department of the Treasury
Internal Revenue Service

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

For calendar year 2011, or tax year beginning , 2011, and ending

Name of foundation Albert and Margaret Alkek Foundation		A Employer identification number 76-0491186
Number and street (or P O box number if mail is not delivered to street address) 1100 Louisiana St		B Telephone number (see the instructions) (713) 652-6601
City or town Houston	State ZIP code TX 77002	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, column (c), line 16) \$ 206,820,041.	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 (att sch)	1,563,036.			
	2 Ck <input type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	35,745.	798.		
	4 Dividends and interest from securities	3,473,724.	3,472,904.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	2,840,265.			
	b Gross sales price for all assets on line 6a	28,064,057.			
	7 Capital gain net income (from Part IV, line 2)		2,233,247.		
	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)					
	1,465,384.	849,948.			
12 Total. Add lines 1 through 11	9,378,154.	6,556,897.			
ADMINISTRATIVE AND OPERATING EXPENSES	13 Compensation of officers, directors, trustees, etc	702,324.	462,044.		240,280.
	14 Other employee salaries and wages	14,550.	5,820.		8,730.
	15 Pension plans, employee benefits	32,127.	24,572.		7,555.
	16a Legal fees (attach schedule)	208,164.	208,164.		
	b Accounting fees (attach sch)	24,736.	15,701.		7,435.
	c Other prof fees (attach sch)	1,252,622.	1,249,172.		3,450.
	17 Interest	130,220.	101,132.		0.
	18 Taxes (attach schedule) (see instr)	70,024.	53,911.		0.
	19 Depreciation (attach sch) and depletion	39,911.	27,085.		
	20 Occupancy	1,220.	828.		392.
	21 Travel, conferences, and meetings	2,008.	616.		1,392.
	22 Printing and publications				
	23 Other expenses (attach schedule)				
		1,859,440.	1,528,637.		4,261.
24 Total operating and administrative expenses. Add lines 13 through 23	4,337,346.	3,677,682.		273,495.	
25 Contributions, gifts, grants paid	10,500,000.			10,500,000.	
26 Total expenses and disbursements. Add lines 24 and 25	14,837,346.	3,677,682.		10,773,495.	
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements	-5,459,192.				
b Net investment income (if negative, enter -0-)		2,879,215.			
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		306.	306.	306.
	2	Savings and temporary cash investments		1,345,032.	9,464,002.	9,464,002.
	3	Accounts receivable	292,660.			
		Less: allowance for doubtful accounts	0.	979.	297,961.	297,961.
	4	Pledges receivable				
		Less: allowance for doubtful accounts				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach sch)				
		Less: allowance for doubtful accounts				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments – U.S. and state government obligations (attach schedule)				
	b	Investments – corporate stock (attach schedule)		33,968,427.	33,858,541.	37,574,579.
	c	Investments – corporate bonds (attach schedule)				
	LIABILITIES	11	Investments – land, buildings, and equipment: basis			
		Less: accumulated depreciation (attach schedule)				
12		Investments – mortgage loans				
13		Investments – other (attach schedule)		157,977,689.	144,436,483.	159,410,018.
14		Land, buildings, and equipment: basis	284,611.			
		Less: accumulated depreciation (attach schedule)	152,130.	172,392.	132,481.	72,000.
15		Other assets (describe <u>see attached</u>)			0.	1,175.
16		Total assets (to be completed by all filers – see the instructions. Also, see page 1, item I)		193,464,825.	188,189,774.	206,820,041.
17		Accounts payable and accrued expenses				
18		Grants payable				
NET ASSETS OR FUND BALANCES	19	Deferred revenue				
	20	Loans from officers, directors, trustees, & other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe <u>see attached</u>)				
	23	Total liabilities (add lines 17 through 22)				
		Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. <input checked="" type="checkbox"/>				
	24	Unrestricted		193,464,825.	188,189,774.	
	25	Temporarily restricted				
	26	Permanently restricted				
		Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>				
27	Capital stock, trust principal, or current funds					
28	Paid-in or capital surplus, or land, building, and equipment fund					
29	Retained earnings, accumulated income, endowment, or other funds					
30	Total net assets or fund balances (see instructions)		193,464,825.	188,189,774.		
31	Total liabilities and net assets/fund balances (see instructions)		193,464,825.	188,189,774.		

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	193,464,825.
2	Enter amount from Part I, line 27a	2	-5,459,192.
3	Other increases not included in line 2 (itemize) <u>See attached schedule</u>	3	1,965,443.
4	Add lines 1, 2, and 3	4	189,971,076.
5	Decreases not included in line 2 (itemize) <u>See attached schedule</u>	5	1,781,302.
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	188,189,774.

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	From publicly traded securities	P	various	various
b	From domestic investment funds	P	various	various
c	From REIT investment	P	various	various
d	From foreign investment funds	P	various	various
e	From security litigation settlements	P	various	various

(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 10,836,178.		9,846,248.	989,930.
b 5,436,682.		1,377,544.	4,059,138.
c 45,031.		0.	45,031.
d 11,111,275.		14,000,000.	-2,888,725.
e 27,873.		0.	27,873.

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	
a 0.	0.	0.	989,930.
b 0.	0.	0.	4,059,138.
c 0.	0.	0.	45,031.
d 0.			-2,888,725.
e 0.	0.	0.	27,873.

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	2,233,247.
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	0.

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

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

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

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

☐ Yes☒ No

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

1 Enter the appropriate amount in each column for each year; see 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))
2010	10,228,677.	203,946,002.	0.050154
2009	9,946,576.	190,851,358.	0.052117
2008	11,332,673.	233,992,634.	0.048432
2007	12,476,533.	256,410,565.	0.048658
2006	11,493,179.	236,667,550.	0.048563

2 Total of line 1, column (d)	2	0.247924
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	0.049585
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	213,150,343.
5 Multiply line 4 by line 3	5	10,569,060.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	28,792.
7 Add lines 5 and 6	7	10,597,852.
8 Enter qualifying distributions from Part XII, line 4	8	10,773,495.

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

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

1 a Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary – see instrs)			
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	28,792.
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	28,792.
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	28,792.
6 Credits/Payments:			
a 2011 estimated tax pmts and 2010 overpayment credited to 2011	6a	78,097.	
b Exempt foreign organizations – tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	15,000.	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments Add lines 6a through 6d	7	93,097.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	64,305.	
11 Enter the amount of line 10 to be Credited to 2012 estimated tax 64,305. Refunded	11		

Part VII-A Statements Regarding Activities

	Yes	No
1 a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)? <i>If the answer is 'Yes' to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ _____ (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? . . . <i>If 'Yes,' attach a detailed description of the activities.</i>		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? <i>If 'Yes,' attach a conformed copy of the changes</i>		X
4 a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	X	
b If 'Yes,' has it filed a tax return on Form 990-T for this year?	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? . . . <i>If 'Yes,' attach the statement required by General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If 'Yes,' complete Part II, column (c), and Part XV</i>	X	
8 a Enter the states to which the foundation reports or with which it is registered (see instructions) TX – 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? <i>If 'No,' attach explanation</i>	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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? <i>If 'Yes,' complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If 'Yes,' attach a schedule listing their names and addresses</i>		X

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Part VII-A Statements Regarding Activities (continued)

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, Executive Director</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 <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year <u>15</u>			
16	At any time during calendar year 2011, 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
1 a	During the year did the foundation (either directly or indirectly).		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input 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"/>	1 b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2011?	1 c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'Yes,' list the years <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer 'No' and attach statement - see instructions.)	2 b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
b	If 'Yes,' did it have excess business holdings in 2011 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 2011.)	3 b	X
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4 b	X

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Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5a** During the year did the foundation pay or incur any amount to:

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?

☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?

☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes?

☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)

☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

☐ Yes ☒ No**b** If any answer is 'Yes' to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?**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?☐ Yes ☐ No

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

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

If 'Yes' to 6b, file Form 8870

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
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				
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
Vinson & Elkins 1001 Fannin St., Suite 2500 Houston TX 77002	legal counsel	186,768.
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	
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	

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a Average monthly fair market value of securities	1a	40,392,423.
b Average of monthly cash balances	1b	5,999,929.
c Fair market value of all other assets (see instructions)	1c	170,003,935.
d Total (add lines 1a, b, and c)	1d	216,396,287.
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	
3 Subtract line 2 from line 1d	3	216,396,287.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	3,245,944.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	213,150,343.
6 Minimum investment return. Enter 5% of line 5	6	10,657,517.

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	10,657,517.
2a Tax on investment income for 2011 from Part VI, line 5	2a	28,792.	
b Income tax for 2011 (This does not include the tax from Part VI.)	2b	16,837.	
c Add lines 2a and 2b		2c	45,629.
3 Distributable amount before adjustments. Subtract line 2c from line 1		3	10,611,888.
4 Recoveries of amounts treated as qualifying distributions		4	0.
5 Add lines 3 and 4		5	10,611,888.
6 Deduction from distributable amount (see instructions)		6	0.
7 Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1		7	10,611,888.

Part XII Qualifying Distributions (see instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a Expenses, contributions, gifts, etc. — total from Part I, column (d), line 26	1a	10,773,495.
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	10,773,495.
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	28,792.
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	10,744,703.

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 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				10,611,888.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			4,159,304.	
b Total for prior years. 20__, 20__, 20__				
3 Excess distributions carryover, if any, to 2011				
a From 2006	0.			
b From 2007	0.			
c From 2008	0.			
d From 2009	0.			
e From 2010	0.			
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2011 from Part XII, line 4: ▶ \$ 10,773,495.				
a Applied to 2010, but not more than line 2a			4,159,304.	
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 2011 distributable amount				6,614,191.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2011 (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 2010. Subtract line 4a from line 2a. Taxable amount – see instructions			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				3,997,697.
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 2006 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2007	0.			
b Excess from 2008	0.			
c Excess from 2009	0.			
d Excess from 2010	0.			
e Excess from 2011	0.			

N/A

- | | |
|----------------|--|
| 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.) |
|----------------|--|

Form 990-PF (2011)

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 attached statement				10,500,000.
Total			▶ 3a	10,500,000.
b Approved for future payment See attached statement				4,924,500.
Total			▶ 3b	4,924,500.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount		
1	Program service revenue:					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments	523000	34,923.	14	798.	24.
4	Dividends and interest from securities	523000	820.	14	3,472,904.	
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	523000	615,436.	14	849,948.	
8	Gain or (loss) from sales of assets other than inventory	523000	607,018.	43	2,233,247.	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue:					
a						
b						
c						
d						
e						
12	Subtotal. Add columns (b), (d), and (e)		1,258,197.		6,556,897.	24.
13	Total. Add line 12, columns (b), (d), and (e)				13	7,815,118.

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

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

[illegible]

Schedule B
(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

► **Attach to Form 990, Form 990-EZ, or Form 990-PF**

OMB No 1545-0047

2011

Name of the organization

Albert and Margaret Alkek Foundation

Employer identification number

76-0491186

Organization type (check one).

Filers of:

Form 990 or 990-EZ

Section:

- ☐ 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, \$5,000 or more (in money or property) from any one contributor (Complete Parts I and II.)

Special Rules

- ☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution 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 a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- ☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to 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. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ► \$ _____

Caution: An organization that is not covered by the General Rule and/or the Special Rules does not 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 Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2011)

Name of organization

Employer identification number

Albert and Margaret Alkek Foundation

76-0491186

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

(a) Number	(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 if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

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Form 990-PF, Page 1, Part I, Line 11 – Other Income:

	(a) Revenue and Expenses Per Books	(b) Net Investment Income	d) Disbursements for Charitable Purposes
Other investment income	1,464,169	848,733	0
Oil and gas royalties	1,215	1,215	0
	<u>1,465,384</u>	<u>849,948</u>	<u>0</u>

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

	(a) Amount Paid Per Books	(b) Net Investment Income	d) Disbursements for Charitable Purposes
Legal services – Vinson & Elkins	186,768	186,768	0
Legal services – various others	21,396	21,396	0
	<u>208,164</u>	<u>208,164</u>	<u>0</u>

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

	(a) Amount Paid Per Books	(b) Net Investment Income	d) Disbursements for Charitable Purposes
Audit services – MFR PC	16,636	11,290	5,346
Tax services – Stevens & Matthews	8,100	4,411	2,089
	<u>24,736</u>	<u>15,701</u>	<u>7,435</u>

Form 990-PF, Page 1, Part I, Line 16c – Other Professional Services:

	(a) Amount Paid Per Books	(b) Net Investment Income	d) Disbursements for Charitable Purposes
Investment management services	1,198,306	1,198,306	0
Securities custody services	37,066	37,066	0
Compensation consulting services	17,250	13,800	3,450
	<u>1,252,622</u>	<u>1,249,172</u>	<u>3,450</u>

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Form 990-PF, Page 1, Part I, Line 18 – Taxes:

	(a) Revenue and Expenses Per Books	(b) Net Investment Income	d) Disbursements for Charitable Purposes
Foreign taxes	52,822	51,709	0
Excise taxes (Form 990-PF)	15,000	0	0
Oil and gas royalty	79	79	0
Federal taxes withheld	2,123	2,123	0
	<u>70,024</u>	<u>53,911</u>	<u>0</u>

Form 990-PF, Page 1, Part I, Line 23 – Other Expenses:

	(a) Revenue and Expenses Per Books	(b) Net Investment Income	d) Disbursements for Charitable Purposes
Deductions - limited partnerships	1,695,274	1,390,416	0
Depletion - limited partnerships	98,720	77,036	0
Other investment expenses	53,077	53,077	0
General and administrative	12,369	8,108	4,261
	<u>1,859,440</u>	<u>1,528,637</u>	<u>4,261</u>

Form 990-PF, Page 2, Part II, Line 3 – Accounts Receivable

	End of Year	
	Book Value	Fair Market Value
Liquidations receivable from foreign investment funds	296,250	296,250
Expenses paid on behalf of an investment partnership	1,711	1,711
	<u>297,961</u>	<u>297,961</u>

Form 990-PF, Page 2, Part II, Line 10b – Investments – Corporate Stock:

	End of Year	
	Book Value	Fair Market Value
Held directly	6,700,864	6,387,163
Managed accounts	27,157,677	31,187,416
	<u>33,858,541</u>	<u>37,574,579</u>

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Form 990-PF, Page 2, Part II, Line 13 – Investments – Other:

	End of Year	
	Book Value	Fair Market Value
Domestic limited partnerships	76,125,391	89,197,907
Private REIT	4,722,011	3,492,880
Foreign investment funds	63,589,082	66,719,231
	<u>144,436,484</u>	<u>159,410,018</u>

Form 990-PF, Page 2, Part II, Line 14b – Description of Land, Buildings, and Equipment:

	Cost Basis	Accumulated Depreciation	Book Value
Furniture	266,296	143,248	123,048
Office equipment	18,315	8,881	9,434
	<u>284,611</u>	<u>152,129</u>	<u>132,482</u>

Form 990-PF, Page 2, Part II, Line 15 – Other Assets:

	End of Year	
	Book Value	Fair Market Value
On 12/31/07 the Estate of Albert B. Alkek transferred an anticipatory right to proceeds from the following asset:		
Oil and gas royalty interest	0	1,175
	<u>0</u>	<u>1,175</u>

Form 990-PF, Page 2, Part III, Line 3 – Other Increases Not Included in Line 2:

Book/tax differences in investments	<u>1,965,443</u>
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Form 990-PF, Page 2, Part III, Line 5 – Other Decreases Not Included in Line 2:

Book/tax differences in investments	1,754,360
Nondeductible expenses	2,475
Repayment of tax refund received in error	24,467
	<u>1,781,302</u>

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Form 990-PF, Page 6, Part VIII, Line 1 – Information About Officers and Directors:

<u>(a) Name and Address</u>	<u>(b) Title and Average Hours Per Week Devoted to Position</u>	<u>(c) Compensation</u>	<u>(d) Contributions to Employee Benefit Plans and Deferred Compensation</u>	<u>(e) Expense Account, Other Allowances</u>
Bobby R. Alford, MD 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board Meetings	15,000	0	0
Daniel C. Arnold 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board and Investment Committee Meetings	18,000	0	0
Sandra K. Bacak 1100 Louisiana, Ste. 5250 Houston, TX 77002	Asst. Secretary/Controller 40 Hours Per Week and Periodic Board Meetings	98,020	4,901	0
Joe M. Bailey 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board and Investment Committee Meetings	18,000	0	0
Dan B. Jones, MD 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board Meetings	15,000	0	0
Paul Klotman, MD 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board Meetings	15,000	0	0
Scott B. Seaman 1100 Louisiana, Ste. 5250 Houston, TX 77002	Treasurer & Executive Director 15 – 40 Hours Per Week and Periodic Board & Investment Committee Meetings	345,000	0	0
Charles A. Williams 1100 Louisiana, Ste. 5250 Houston, TX 77002	President & Director 10 - 25 Hours Per Week and Periodic Board and Investment Committee Meetings	145,304	0	0
Margaret Alkek Williams 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board Meetings	15,000	0	0
Randa D. Williams 1100 Louisiana, Ste. 5250 Houston, TX 77002	Director Periodic Board and Investment Committee Meetings	18,000	0	0
		702,324	4,901	0

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Form 990-PF, Page 11, Part XV, Line 3a – Grants and Contributions Paid:

No recipient is an individual and all are public charities as described in Section 509(a) of the Internal Revenue Code of 1986, as amended ("I.R.C.") and are exempt under I.R.C. section 501(c)(3) or are governmental units described in I.R.C. Section 170(c) which are not private foundations.

<u>Recipient Name and Address</u>	<u>Foundation Status of Recipient</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Medical:</u>			
Baylor College of Medicine Houston, Texas 77030	public charity	Medical research and educational programs	6,899,500
Menninger Clinic, The Menninger-Baylor College of Medicine- Methodist Foundation Houston, Texas 77080	public charity	Construction of new campus	100,000
Texas A&M Health Science Center Foundation College Station, Texas 77840	public charity	Endowed chair for the Institute of Biosciences & Technology	150,000
The University of Texas M. D. Anderson Cancer Center Houston, Texas 77030	govt. unit	Hospital construction	1,000,000
The University of Texas Health Science Center at Houston Houston, Texas 77030	govt. unit	Research and educational programs	200,000
			<hr/> 8,349,500
<u>Educational:</u>			
Episcopal High School Houston, Texas 77277	public charity	Scholarships	45,000
Houston Community College Foundation Houston, Texas 77002	public charity	Scholarships	50,000
St. Mary's University San Antonio, Texas 78228	public charity	Educational programs	200,000
Texas Heart Institute Houston, Texas 77225	public charity	Educational programs	200,000
Texas State University-San Marcos San Marcos, Texas 78666	public charity & govt unit	Library services	200,000
TMI-The Episcopal School of Texas San Antonio, Texas 78257	public charity	Scholarships	156,000
			<hr/> 851,000

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Form 990-PF, Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Foundation Status of Recipient</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community:</u>			
Bandera Public Library Corporation Bandera, Texas 78003	public charity	Program support	2,500
Discovery Green Conservancy Houston, Texas 77219	public charity	Park construction	200,000
Julia Ideson Library Conservation Fund Houston, Texas 77005	public charity	Construction and renovation	25,000
Memorial Park Conservancy, Inc. Houston, Texas 77007	public charity	Park construction	100,000
St. Christopher's Episcopal Church Bandera, Texas 78003	public charity	Program support	35,500
			<hr/> 363,000
<u>Cultural:</u>			
Houston Ballet Foundation Houston, Texas 77219	public charity	Capital campaign	718,500
Museum of Fine Arts, Houston Houston, Texas 77265	public charity	Exhibit and operational support	200,000
			<hr/> 918,500
			<hr/> 10,500,000

Form 990-PF, Page 11, Part XV, Line 3b – Grants and Contributions Approved for Future Payment:

No recipient is an individual and all are public charities as described in Section 509(a) of the Internal Revenue Code of 1986, as amended ("I.R.C.") and are exempt under I.R.C. section 501(c)(3) or are governmental units described in I.R.C. Section 170(c) which are not private foundations.

<u>Recipient Name and Address</u>	<u>Foundation Status of Recipient</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
Houston Ballet Foundation Houston, Texas 77002	public charity	Capital campaign	2,781,500
			<hr/> 2,781,500