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

2011

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

Name of foundation: MCDANIEL CHARITABLE FOUNDATION

A Employer identification number: 76-0538313

Number and street (or P O box number if mail is not delivered to street address): P.O. BOX 2968 | Room/suite

B Telephone number: (409) 942-2940

City or town, state, and ZIP code: TEXAS CITY, TX 77592

C If exemption application is pending, check here ☐

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☒ Address change ☐ Name change

D 1. Foreign organizations, check here ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ☐

H Check type of organization: ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

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

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶$ 8,760,268.

J Accounting method ☐ Cash ☒ Accrual ☐ 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 ☐

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))

		(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	5,963,369.		N/A	
	2 Check ▶ ☐ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	62,557.	62,557.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-64,662.			
	b Gross sales price for all assets on line 6a 5,498,707.				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 **Total.** Add lines 1 through 11	5,961,264.	62,557.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	100,372.	25,093.		75,279.
	14 Other employee salaries and wages	195,417.	0.		195,417.
	15 Pension plans, employee benefits	86,322.	6,612.		79,710.
	16a Legal fees STMT 1	157.	157.		0.
	b Accounting fees STMT 2	4,550.	2,275.		2,275.
	c Other professional fees				
	17 Interest				
	18 Taxes				
	19 Depreciation and depletion	60,294.	0.		
	20 Occupancy	18,201.	4,550.		13,651.
	21 Travel, conferences, and meetings	5,377.	649.		4,728.
	22 Printing and publications				
	23 Other expenses STMT 3	147,399.	9,620.		137,779.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	618,089.	48,956.		508,839.
	25 Contributions, gifts, grants paid	423,311.			423,311.
	26 **Total expenses and disbursements** Add lines 24 and 25	1,041,400.	48,956.		932,150.
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	4,919,864.			
	b **Net investment income** (if negative, enter -0-)		13,601.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing		269,045.	269,045.
	2 Savings and temporary cash investments	1,564,733.	3,301,993.	3,301,993.
	3 Accounts receivable ▶			
	Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	11,081.	17,004.	17,004.
	10a Investments - U S and state government obligations STMT 6	66,768.	68,360.	68,360.
	b Investments - corporate stock			
	c Investments - corporate bonds STMT 7	989,472.	3,859,693.	3,859,693.
	11 Investments - land, buildings, and equipment basis ▶ 190,860.			
	Less accumulated depreciation ▶	190,860.	190,860.	190,860.
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment basis ▶ 1,195,071.			
	Less accumulated depreciation STMT 5 ▶ 191,758.	1,063,608.	1,003,313.	1,003,313.
	15 Other assets (describe ▶ STATEMENT 8)	0.	50,000.	50,000.
	16 **Total assets** (to be completed by all filers)	3,886,522.	8,760,268.	8,760,268.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted	3,886,522.	8,760,268.	
	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, bldg , and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 **Total net assets or fund balances**	3,886,522.	8,760,268.	
	31 **Total liabilities and net assets/fund balances**	3,886,522.	8,760,268.	

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	3,886,522.
2	Enter amount from Part I, line 27a	2	4,919,864.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	8,806,386.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 4	5	46,118.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	8,760,268.

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Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	MUNICIPAL BONDS	D	09/16/11	VARIOUS
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	5,498,707.		5,563,369.	-64,662.
b				
c				
d				
e				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				-64,662.
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 } **2** -64,662.

3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8 **3** N/A

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

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2010	2,360,367.	4,214,540.	.560053
2009	1,366,613.	5,262,313.	.259698
2008	1,395,799.	7,546,352.	.184963
2007	842,384.	9,496,307.	.088706
2006	630,386.	9,258,929.	.068084

2 Total of line 1, column (d)	2	1.161504
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	.232301
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	4,022,613.
5 Multiply line 4 by line 3	5	934,457.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	136.
7 Add lines 5 and 6	7	934,593.
8 Enter qualifying distributions from Part XII, line 4	8	932,150.

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter ________ **(attach copy of letter if necessary-see instructions)** b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b c All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		1	272.
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	272.
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	272.
6 Credits/Payments			
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a		
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	0.
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	272.
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	
11 Enter the amount of line 10 to be **Credited to 2012 estimated tax** ▶	**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 instructions for definition)? *If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*	1b		X
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ 0. **(2)** On foundation managers ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ 0.			
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? N/A	4b		
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, col. (c), and Part XV.*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ TX			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *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 2011 or the taxable year beginning in 2011 (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

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

		Line	Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ HTTP://MCDANIELCHARITABLEFOUNDATION.ORG/

14 The books are in care of ▶ MARK A. LYONS Telephone no ▶ (409)942-2940

Located at ▶ PO BOX 2968, TEXAS CITY, TX ZIP+4 ▶ 77592

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ 15 N/A

		Line	Yes	No
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.

			Line	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 instructions)?		1b		X
	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 2011?		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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ____ , ____ , ____ , ____				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions)	N/A	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 ▶ ____ , ____ , ____ , ____				
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 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.)*	N/A	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 2011?		4b		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)?	☐ 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**	X
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? N/A	☐ 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**	X
If "Yes" to 6b, file Form 8870.			
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	**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.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 9		100,372.	0.	0.

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

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
BRETT FALTERMAN 2012 MISSION ST., KEMAH, TX 77565	RESEARCH PROGRAM DIRECTOR 40.00	99,992.	0.	0.

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

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

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

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

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

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

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 SEE ATTACHED STATEMENT	309,387.
2	
3	
4	

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

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities	1a	2,220,025.
b	Average of monthly cash balances	1b	1,863,846.
c	Fair market value of all other assets	1c	
d	**Total** (add lines 1a, b, and c)	1d	4,083,871.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	4,083,871.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	61,258.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	4,022,613.
6	**Minimum investment return.** Enter 5% of line 5	6	201,131.

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	201,131.
2a	Tax on investment income for 2011 from Part VI, line 5	2a	272.		
b	*Income tax for 2011 (This does not include the tax from Part VI)*	2b			
c	Add lines 2a and 2b			2c	272.
3	Distributable amount before adjustments Subtract line 2c from line 1			3	200,859.
4	Recoveries of amounts treated as qualifying distributions			4	0.
5	Add lines 3 and 4			5	200,859.
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	200,859.

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	932,150.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	932,150.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	932,150.

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				200,859.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years ____ , ____ , ____		0.		
3 Excess distributions carryover, if any, to 2011				
a From 2006				
b From 2007 325,012.				
c From 2008 1,020,749.				
d From 2009 1,103,651.				
e From 2010 2,149,640.				
f **Total** of lines 3a through e	4,599,052.			
4 Qualifying distributions for 2011 from Part XII, line 4 ▶ $ 932,150.				
a Applied to 2010, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2011 distributable amount				200,859.
e Remaining amount distributed out of corpus	731,291.			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	5,330,343.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount - see instructions		0.		
e Undistributed income for 2010 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2011 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a	5,330,343.			
10 Analysis of line 9				
a Excess from 2007 325,012.				
b Excess from 2008 1,020,749.				
c Excess from 2009 1,103,651.				
d Excess from 2010 2,149,640.				
e Excess from 2011 731,291.				

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12-02-11

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 2011, 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) 2011	(b) 2010	(c) 2009	(d) 2008	(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 foundation had $5,000 or more in assets at any time during the year-see instructions.)

1 **Information Regarding Foundation Managers:**

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

NONE

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

NONE

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

Check here ▶ [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

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

c Any submission deadlines

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE ATTACHED STATEMENT	NONE	PUBLIC		423,311.
Total			▶ 3a	423,311.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income
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					
4 Dividends and interest from securities			14	62,557.	
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	-64,662.	
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)		0.		-2,105.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 -2,105.

(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)

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
		N/A	

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

b If "Yes," complete the following schedule

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

Sign Here

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

Signature of officer or trustee — Date: 11-15-12 — Title: DIRECTOR

May the IRS discuss this return with the preparer shown below (see instr)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
HARRY D. MAXWELL, JR.	Harry D Maxwell Jr	11-14-12		P00627267

Firm's name ▶ HEAD,MAXWELL & MCKENNA, P.C. — Firm's EIN ▶ 76-0354302

Firm's address ▶ 2200 MARKET STREET, SUITE 401 GALVESTON, TX 77550 — Phone no (409) 763-6479

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12-02-11

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

MCDANIEL CHARITABLE FOUNDATION

Employer identification number

76-0538313

Organization type (check one):

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☒ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $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).

Name of organization	Employer identification number
MCDANIEL CHARITABLE FOUNDATION	76-0538313

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MARK A LYONS 3235 AVE L SANTA FE, TX 77510	$ 116,667.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
2	MELISSA LYONS-GARDNER P.O. BOX 279 IOLA, TX 77861	$ 116,667.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
3	MICHELLE SPIER 2706 9TH STREET NORTH TEXAS CITY, TX 77590	$ 116,666.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
4	JENE M MOSELEY #10 SIX BAR DRIVE SILVER CITY, NM 88061	$ 50,000.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
5	ESTATE OF LOLA H MCDANIEL 2813 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	$ 5,563,369.	Person [X] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)
		$	Person [ ] Payroll [ ] Noncash [ ] (Complete Part II if there is a noncash contribution.)

Name of organization	Employer identification number
MCDANIEL CHARITABLE FOUNDATION	76-0538313

Part II **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization	Employer identification number
MCDANIEL CHARITABLE FOUNDATION	76-0538313

Part III *Exclusively* religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **$1,000 or less** for the year. (Enter this information once.) ▶ $ ____________

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

2011 DEPRECIATION AND AMORTIZATION REPORT

FORM 990-PF PAGE 1 990-PF

Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
	MACHINERY & EQUIPMENT														
1	THE BILLY B	01/02/08	SL	30.00		16	800,000.				800,000.	80,001.		26,667.	106,668.
2	BILLY B - CAPITAL IMPROVEMENTS	02/01/08	SL	30.00		16	184,082.				184,082.	17,897.		6,136.	24,033.
3	BILLY B EQUIPMENT	04/14/09	SL	10.00		16	28,957.				28,957.	5,068.		2,896.	7,964.
4	BILLY B EQUIPMENT	10/20/09	SL	10.00		16	6,251.				6,251.	729.		625.	1,354.
5	BILLY B EQUIPMENT	07/13/09	SL	10.00		16	26,650.				26,650.	3,998.		2,665.	6,663.
6	BILLY B EQUIPMENT	10/20/09	SL	7.00		16	136,121.				136,121.	22,687.		19,446.	42,133.
7	BILLY B EQUIPMENT	06/01/10	SL	7.00		16	13,010.				13,010.	1,084.		1,859.	2,943.
	* 990-PF PG 1 TOTAL MACHINERY & EQUIPMENT						1,195,071.				1,195,071.	131,464.		60,294.	191,758.
	* GRAND TOTAL 990-PF PG 1 DEPR						1,195,071.				1,195,071.	131,464.		60,294.	191,758.

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

FORM 990-PF LEGAL FEES STATEMENT 1

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CONSULTING	157.	157.		0.
TO FM 990-PF, PG 1, LN 16A	157.	157.		0.

FORM 990-PF ACCOUNTING FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAX COMPLIANCE SERVICES	4,550.	2,275.		2,275.
TO FORM 990-PF, PG 1, LN 16B	4,550.	2,275.		2,275.

FORM 990-PF OTHER EXPENSES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK CHARGES & FEES	278.	278.		0.
BOAT MAINTENACE & FUEL	131,337.	0.		131,337.
PROPERTY MAINTENANCE	7,568.	7,568.		0.
OFFICE EXPENSE	5,369.	1,183.		4,186.
COMPUTER / WEBSITE	160.	40.		120.
OTHER EXPENSES	2,687.	551.		2,136.
TO FORM 990-PF, PG 1, LN 23	147,399.	9,620.		137,779.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 4

DESCRIPTION	AMOUNT
UNREALIZED LOSS IN VALUE OF INVESTMENTS	46,118.
TOTAL TO FORM 990-PF, PART III, LINE 5	46,118.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 5

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE	FAIR MARKET VALUE
THE BILLY B	800,000.	106,668.	693,332.	693,332.
BILLY B - CAPITAL IMPROVEMENTS	184,082.	24,033.	160,049.	160,049.
BILLY B EQUIPMENT	28,957.	7,964.	20,993.	20,993.
BILLY B EQUIPMENT	6,251.	1,354.	4,897.	4,897.
BILLY B EQUIPMENT	26,650.	6,663.	19,987.	19,987.
BILLY B EQUIPMENT	136,121.	42,133.	93,988.	93,988.
BILLY B EQUIPMENT	13,010.	2,943.	10,067.	10,067.
TO 990-PF, PART II, LN 14	1,195,071.	191,758.	1,003,313.	1,003,313.

FORM 990-PF U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS STATEMENT 6

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
DEUTSCHE BANK - U.S. TREASURY NOTES	X		68,360.	68,360.
TOTAL U.S. GOVERNMENT OBLIGATIONS			68,360.	68,360.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			68,360.	68,360.

FORM 990-PF CORPORATE BONDS STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
DEUTSCHE BANK - CORPORATE BONDS	967,473.	967,473.
STERNE AGEE - CORPORATE BONDS	2,892,220.	2,892,220.
TOTAL TO FORM 990-PF, PART II, LINE 10C	3,859,693.	3,859,693.

FORM 990-PF OTHER ASSETS STATEMENT 8

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
RECEIVABLE - LOLA H. MCDANIEL ESTATE	0.	50,000.	50,000.
TO FORM 990-PF, PART II, LINE 15	0.	50,000.	50,000.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 9

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
MARK A LYONS 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY , TX 77590	PRESIDENT 25.00	38,372.	0.	0.
MICHELLE LYONS-SPIER 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	VICE-PRESIDENT 20.00	11,000.	0.	0.
MELISSA LYONS-GARDNER 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	SECRETARY 20.00	11,000.	0.	0.
STEWART CAMPBELL 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	DIRECTOR 1.00	11,000.	0.	0.
WILLIAM H. FRAZIER 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	DIRECTOR 1.00	6,000.	0.	0.
RANDALL HARRIS 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	DIRECTOR 4.00	11,000.	0.	0.
ROBERT HARRIS 2831 PALMER HIGHWAY, 2ND FLOOR TEXAS CITY, TX 77590	DIRECTOR 1.00	12,000.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		100,372.	0.	0.

MCDANIEL CHARITABLE FOUNDATION
76-0538313

FORM 990-PF, PART IX-A, LINE 1
SUMMARY OF DIRECT CHARITABLE ACTIVITIES

DIRECT CHARITABLE ACTIVITIES

IN EARLY 2010 THE MCDANIEL CHARITABLE FOUNDATION'S (MCF) PELAGIC FISHERIES PROGRAM (PFP) COMPLETED A THREE YEAR RESEARCH AGREEMENT WITH TEXAS A&M UNIVERSITY GALVESTON (TAMUG) ENTITLED "ECOLOGY AND STOCK STRUCTURE OF BILLFISHES IN THE GULF OF MEXICO." THIS RESEARCH WAS CONDUCTED BY DR. JAY ROOKER OF TAMUG'S MARINE BIOLOGY DEPARTMENT. THE RESEARCH WAS FULLY SUPPORTED BY MONETARY GRANTS FROM MCF AND MCF EMPLOYEES ACTIVELY PARTICIPATED IN THE CONDUCT OF RESEARCH. FIVE JOURNAL ARTICLES FOCUSED ON THE BEHAVIOR AND ECOLOGY OF BILLFISHES IN THE GULF OF MEXICO WERE PUBLISHED IN PEER-REVIEWED JOURNALS AS A DIRECT RESULT OF THIS RESEARCH AGREEMENT BETWEEN MCF AND TAMUG (SEE APPENDIX 1).

RESEARCH EFFORTS IN THE NORTHERN GULF OF MEXICO WERE SEVERELY COMPROMISED DURING THE SUMMER OF 2010 DUE TO THE BP OIL SPILL. THE RESULTING FISHERIES CLOSURE PRECLUDED ALMOST ALL ADULT TAGGING EFFORTS. HOWEVER, PELAGIC LARVAL SAMPLING CRUISES WERE CONDUCTED ON SCHEDULE AND SHOULD PROVIDE AN INVALUABLE RESOURCE FOR FUTURE STUDIES ON LARVAL ABUNDANCE AND OIL SPILL RELATED EFFECTS IN THE GULF OF MEXICO.

A NEW THREE YEAR AGREEMENT WAS ENACTED ON MAY 1, 2010, IN ORDER TO CONTINUE THE NOVEL RESEARCH CONDUCTED BY DR. ROOKER AT TAMUG IN PARTNERSHIP WITH MCF'S PFP FOCUSED ON PELAGIC FISHES IN THE GULF OF MEXICO. THE CURRENT AGREEMENT, ENTITLED, "OCCURRENCE AND ABUNDANCE OF BILLFISHES IN THE GULF OF MEXICO," SEEKS TO CONTINUE AND ENHANCE THE RESEARCH THEMES OF THE PREVIOUS PROJECT THROUGH APRIL 2013. SPECIFICALLY, ADULT BILLFISH TAGGING EFFORTS WILL FOCUS ON LONG-TERM PSAT DEPLOYMENTS AND USE OF SPOT TAGS TO RESOLVE FIN-SCALE HABITAT PREFERENCE. THE RENEWED RESEARCH AGREEMENT ALSO CONTINUES THE WORK ON THE EARLY LIFE HISTORY OF BILLFISHES IN THE FORM OF CONTINUED RESEARCH CRUISES AS WELL AS ADDING A VERTICAL COMPONENT TO THE PELAGIC SAMPLING GEAR WITH AN EMPHASIS ON THE USE OF BACK-TRACKING MODELS TO DETERMINE HOT SPOTS FOR BILLFISH SPAWNING IN THE GULF OF MEXICO.

MCF SUPPORTED THE RESEARCH WITH $209,600 IN CASH GRANTS TO TAMUG AND $309,387 IN DIRECT EXPENSES OF OPERATING THE RESEARCH VESSEL AND PROGRAM SUPPORT.

FORM 990-PF, PART IX-A, LINE 1
SUMMARY OF DIRECT CHARITABLE ACTIVITIES

APPENDIX 1

HOOLIHAN, JP ET AL. (2011) EVALUATING POST-RELEASE BEHAVIOR MODIFICATION IN LARGE PELAGIC FISH DEPLOYED WITH POP-UP SATELLITE ARCHIVAL TAGS. ICES JOURNAL OF MARINE SCIENCE, IN PRESS.

KRAUS, RT, WELLS, RJ, AND ROOKER, JR (2011) HORIZONTAL MOVEMENTS OF ATLANTIC BLUE MARLIN (MAKAIRA NIGRICANS) IN THE GULF OF MEXICO. MARINE BIOLOGY, IN PRESS.

SIMMS, JR, ROOKER JR, HOLT SA, MINELLO TJ. (2010) DISTRIBUTION, GROWTH, AND MORTALITY OF SAILFISH, ISTIOPHORUS PLATYPTERUS, LARVAE IN THE NORTHERN GULF OF MEXICO. FISHERIES BULLETIN, 108:478-490.

WELLS RJ, ROOKER JR, PRINCE ED (2010) REGIONAL VARIATION IN THE OTOLITH CHEMISTRY OF THE BLUE MARLIN (MAKAIRA NIGRICANS) AND WHITE MARLIN (TETRAPTERUS ALBIDUS) FROM THE WESTERN NORTH ATLANTIC OCEAN. FISHERIES RESEARCH, 106:430-435.

KRAUS, RT AND ROOKER, JR (2007) PATTERNS OF VERTICAL HABITAT USE BY ATLANTIC BLUE MARLIN (MAKAIRA NIGRICANS) IN THE GULF OF MEXICO. GULF AND CARIBBEAN RESEARCH, 19:89-97.

McDaniel Charitable Foundation **76-0538313**
2011 Form 990PF

Part XV - Grants and Contributions

Organization	Status	Purpose	Amount
Alvin Community College 3110 Mustang Road Alvin, TX 77511	School	Student Scholarships	$ 1,500
Baylor University One Bear Place #97048 Waco, TX 76798-7048	School	Student Scholarships	3,000
Blinn Junior College 902 College Avenue Brenham, TX 77833	School	Student Scholarships	1,500
College of the Mainland 1200 Amburn Rd. Texas City, TX 77591	School	Student Scholarships	3,750
Galveston College 4015 Avenue Q Galveston, TX 77550	School	Student Scholarships	1,500
Hill College P.O. Box 619 Hillsboro, TX 76645	School	Student Scholarships	3,000
Lamar University P.O. Box 10042 Beaumont, TX 77710	School	Student Scholarships	3,000
Prairie View A&M University P.O. Box 519 Prairie View, TX 77446-0519	School	Student Scholarships	4,000
Sam Houston State Box 2027 Huntsville, TX 77341-2027	School	Student Scholarships	2,000
San Jacinto College 13735 Beamer Rd. Houston, TX 77089	School	Student Scholarships	2,000

Attachment to Part XV

Part XV - Grants and Contributions

Organization	Status	Purpose	Amount
South Plains College 1401 S. College Ave. Levelland, TX 79336	School	Student Scholarships	5,000
Texas A&M Galveston P.O. Box 1675 Galveston, TX 77553	School	Student Scholarships	5,000
Texas A&M Kingsville 700 University Blvd SMC 115 Kingsville, TX 78363-8202	School	Student Scholarships	5,000
Texas A&M University P.O. Box 30016 College Station, TX 77842-3016	School	Student Scholarships	45,000
Texas State University 601 University Dr. San Marcos, TX 78666	School	Student Scholarships	7,500
Texas Tech University P.O. Box 45011 Lubbock, TX 79409-5011	School	Student Scholarships	4,000
Trinity University One Trinity Place San Antonio, TX 78212-7200	School	Student Scholarships	6,000
University of Houston 9E Cullen Bldg Houston, TX 77204-2010	School	Student Scholarships	5,000
University of Houston Clear Lake 2700 Bay Area Blvd./MC 05 Houston, TX 77058-1098	School	Student Scholarships	6,750
University of North Texas UNT Box 311370 Denton, TX 76203-1370 Denton, TX 76203-1370	School	Student Scholarships	7,000

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Organization	Status	Purpose	Amount
University of North Texas Health Science Center (TCOM) EAD 247 3500 Camp Bowie Blvd. Fort Worth, TX 76101-2644	School	Student Scholarships	6,000
University of Texas P.O. Box 7758, UT Station Austin TX 78713-7758	School	Student Scholarships	9,000
University of Texas Dallas 800 W. Campbell Rd. Richardson, TX 75080-3021	School	Student Scholarships	6,000
University of Texas San Antonio One UTSA Circle San Antonio, TX 78249-1644	School	Student Scholarships	10,000
Wiley College 711 Wiley Ave. Marshall, TX 75670	School	Student Scholarships	4,000
First United Methodist Church 212 W. Benton Ave. Devine, TX 78016	509(a)(1)	General Support	12,000
Grimes County Fair Association P. O. Box 435 Anderson, TX 77831	509(a)(1)	General Support	13,188
Turning Point P.O. Box 57543 Webster, TX 77598	509 (a)(1)	General Support	1,500
Westview School	509(a)(1)	General Support	25,000
Texas A&M Foundation 2254 TAMU	509(a)(1)	Equine Initiative	11,500

Attachment to Part XV

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Part XV - Grants and Contributions

Organization	Status	Purpose	Amount
College Station, TX 77843-2254			
Texas A&M Galveston 200 Seawolf Parkway Galveston, TX 77554	Gov't	Fisheries Research Program	209,600
	Returned grants		(5,977)
Total Grants & Allocations			**$ 423,311**

Note:
The Foundation grants scholarships under an approved scholarship plan. Recipients of the scholarships are not related to any of the Foundation's Board of Directors.