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Form 990-PF

Department of the Treasury
Internal Revenue ServiceReturn 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

2012

Open to public inspection

For calendar year 2012 or tax year beginning

, and ending

Name of foundation THE GAILO TRUST		A Employer identification number 74-6054992
Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 1733	Room/suite	B Telephone number 713-660-0517
City or town, state, and ZIP code BELLAIRE, TX 77402-1733		C If exemption application is pending, check here ☐
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ 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) \$ 1,563,959. (Part I, column (d) must be on cash basis.)	J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify)	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)
1 Contributions, gifts, grants, etc., received				N/A	
2 Check ☒ if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments		19,597.	19,597.		STATEMENT 1
4 Dividends and interest from securities		30,796.	30,796.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		33,379.			
b Gross sales price for all assets on line 6a 662,954.					
7 Capital gain net income (from Part IV, line 2)			33,379.		
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		<1,324.>	<1,324.>		STATEMENT 3
12 Total. Add lines 1 through 11		82,448.	82,448.		
13 Compensation of officers, directors, trustees, etc.		0.	0.		0.
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees					
b Accounting fees STMT 4		19,202.	19,202.		0.
c Other professional fees					
17 Interest		5,343.	5,343.		0.
18 Taxes STMT 5		1,969.	1,969.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses					
24 Total operating and administrative expenses. Add lines 13 through 23		26,514.	26,514.		0.
25 Contributions, gifts, grants paid		100,022.			100,022.
26 Total expenses and disbursements. Add lines 24 and 25		126,536.	26,514.		100,022.
27 Subtract line 26 from line 12		<44,088.>			
a Excess of revenue over expenses and disbursements			55,934.		
b Net investment income (if negative, enter -0-)					
c Adjusted net income (if negative, enter -0-)				N/A	

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	1.		
	2 Savings and temporary cash investments	81,852.	<6,878.>	<6,878.>
	3 Accounts receivable ▶			
	Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U S and state government obligations			
	b Investments - corporate stock STMT 6	983,375.	905,098.	1,233,162.
	c Investments - corporate bonds STMT 7	228,788.	351,708.	337,675.
11 Investments - land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other				
14 Land, buildings, and equipment basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers)	1,294,016.	1,249,928.	1,563,959.	
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 ▶ ☐			
	and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒			
	and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg, and equipment fund	30,664.	30,664.	
29 Retained earnings, accumulated income, endowment, or other funds	1,263,352.	1,219,264.		
30 Total net assets or fund balances	1,294,016.	1,249,928.		
31 Total liabilities and net assets/fund balances	1,294,016.	1,249,928.		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,294,016.
2 Enter amount from Part I, line 27a	2	<44,088.>
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	1,249,928.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,249,928.

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				
b SEE ATTACHED STATEMENTS				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e 662,954.		629,575.	33,379.	
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
a				
b				
c				
d				
e			33,379.	
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		33,379.
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		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 the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2011	90,850.	1,583,418.	.057376
2010	115,193.	1,476,611.	.078012
2009	101,309.	654,505.	.154787
2008	102,691.	1,733,081.	.059253
2007	109,164.	1,859,093.	.058719
2 Total of line 1, column (d)			.408147
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			.081629
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5			1,578,470.
5 Multiply line 4 by line 3			128,849.
6 Enter 1% of net investment income (1% of Part I, line 27b)			559.
7 Add lines 5 and 6			129,408.
8 Enter qualifying distributions from Part XII, line 4			100,022.

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)	1	1,119.
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)	2	0.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	1,119.
3	Add lines 1 and 2	4	0.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	5	1,119.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		
6	Credits/Payments		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	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	24.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	1,143.
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 2013 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?		X
1b 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.		X
1c 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 ☐ \$ 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.		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		X
4a 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?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T.		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? If "Yes," complete Part II, col (c), and Part XV	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	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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

N/A

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 ► N/A	13	X	
14	The books are in care of ► LYNN W. EMBREY, P.C. Telephone no ► 713-660-0517 Located at ► 6300 WEST LOOP SOUTH, SUITE 420, BELLAIRE, TX ZIP+4 ► 77402			
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			
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ►	16	Yes	No X

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

	Yes	No
1a During the year did the foundation (either directly or indirectly)		
(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ 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)? Organizations relying on a current notice regarding disaster assistance check here	N/A	1b
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 2012?		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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? If "Yes," list the years ►	☐ Yes ☒ No	
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 2012 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 2012.)	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 2012?		4b X

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

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

☐ Yes ☒ No

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

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

N/A

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?

If "Yes" to 6b, file Form 8870

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

N/A

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?**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
LOIS F. STARK 3617 OLYMPIA DR HOUSTON, TX 77019	TRUSTEE	0.00	0.	0.

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

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

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

0

Part 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	1,567,104.
b	Average of monthly cash balances	1b	35,404.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	1,602,508.
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	1,602,508.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	24,038.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,578,470.
6	Minimum investment return. Enter 5% of line 5	6	78,924.

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	78,924.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	1,119.
b	Income tax for 2012 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,119.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	77,805.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	77,805.
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	77,805.

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	100,022.
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	100,022.
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	100,022.

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				77,805.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			0.	
b Total for prior years		0.		
3 Excess distributions carryover, if any, to 2012				
a From 2007	18,065.			
b From 2008	17,891.			
c From 2009	69,114.			
d From 2010	41,776.			
e From 2011	13,438.			
f Total of lines 3a through e	160,284.			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 100,022.				
a Applied to 2011, 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 2012 distributable amount				77,805.
e Remaining amount distributed out of corpus	22,217.			
5 Excess distributions carryover applied to 2012 (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	182,501.			
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 2011 Subtract line 4a from line 2a Taxable amount - see instr			0.	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				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 2007 not applied on line 5 or line 7	18,065.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	164,436.			
10 Analysis of line 9				
a Excess from 2008	17,891.			
b Excess from 2009	69,114.			
c Excess from 2010	41,776.			
d Excess from 2011	13,438.			
e Excess from 2012	22,217.			

N/A

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11

4942(1)(5)

- (4) Gross investment income**

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				
ALLEY THEATRE 615 TEXAS AVENUE HOUSTON, TX 77002				13,000.
AMERICAN LEADERSHIP FORUM 3101 RICHMOND AVE HOUSTON, TX 77098				500.
AMSCHWAND SARCOMA CANCER FOUNDATION 2726 BISSONNET HOUSTON, TX 77005				300.
ANTI DEFAMATION LEAGUE 605 THIRD AVE NEW YORK, NY 10158				15,000.
ARTBRIDGE HOUSTON 3311 RICHMOND HOUSTON, TX 77098				300.
Total	SEE CONTINUATION SHEET(S)			100,022.
b Approved for future payment				
NONE				
Total				0.

THE GAILO TRUST

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 INTEL CORP		P		11/12/12
b BLOCK FINL CORP		P		11/26/12
c TOLL BROS FINANCE		P		03/05/12
d COMPUTER SCIENCE COPR		P		10/19/12
e CHESAPEAKE ENERGY CORP		P		04/13/12
f BELLSOUTH CORP		P		06/29/12
g APPLE INC		P	01/26/12	04/30/12
h CHICAGO BRIDGE & IRON		P	08/29/11	03/12/12
i DARDEN RESTAURANTS INC		P	05/20/11	12/04/12
j ACCENTURE PLC IRELAND		P	10/06/09	05/11/12
k CVS CAREMARK CORP		P	05/19/05	02/27/12
l CVS CAREMARK CORP		P	05/19/05	03/08/12
m CHESAPEAKE ENERGY CORP		P	12/13/05	01/18/12
n CISCO SYSTEMS		P	07/16/98	08/27/12
o COCA COLA CO		P	10/21/87	03/12/12

(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 8,292.		15,312.	<7,020.>
b 100,965.		102,900.	<1,935.>
c 669.			669.
d 50,750.		51,250.	<500.>
e 52,938.		54,875.	<1,937.>
f 101,685.		103,341.	<1,656.>
g 29,343.		22,403.	6,940.
h 9,104.		6,768.	2,336.
i 23,567.		25,743.	<2,176.>
j 52,680.		34,256.	18,424.
k 4,406.		2,787.	1,619.
l 18,099.		11,148.	6,951.
m 10,430.		17,009.	<6,579.>
n 19,299.		16,062.	3,237.
o 7,017.		508.	6,509.

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

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Losses (from col (h)) Gains (excess of col (h) gain over col (k), but not less than "-0-")
a			<7,020.>
b			<1,935.>
c			669.
d			<500.>
e			<1,937.>
f			<1,656.>
g			6,940.
h			2,336.
i			<2,176.>
j			18,424.
k			1,619.
l			6,951.
m			<6,579.>
n			3,237.
o			6,509.

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

2

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

3

THE GAILO TRUST

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 FISERV INC		P	04/09/08	03/08/12
b GENERAL ELECTRIC CO		P	02/02/01	02/14/12
c GENERAL ELECTRIC CO		P	11/20/00	02/14/12
d GENERAL ELECTRIC CO		P	12/13/00	02/14/12
e GENERAL ELECTRIC CO		P	12/22/00	02/14/12
f HERSHA HOSPITALITY		P	04/17/07	02/14/12
g HAIN CELESTIAL GROUP INC		P	03/19/08	03/08/12
h HAIN CELESTIAL GROUP INC		P	03/19/08	03/12/12
i HAIN CELESTIAL GROUP INC		P	03/19/08	10/05/12
j IDEXX LABORATORIES CORP		P	08/26/04	07/20/12
k MORGAN STANLEY		P	10/21/09	10/01/12
l MORGAN STANLEY		P	12/02/09	10/01/12
m MACYS INC		P	11/09/10	06/27/12
n PEPSICO		P	10/08/97	03/12/12
o PEPSICO		P	10/08/97	10/05/12

(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 6,792.		5,105.	1,687.
b 1,891.		4,671.	<2,780.>
c 3,782.		10,189.	<6,407.>
d 3,782.		10,689.	<6,907.>
e 3,782.		9,882.	<6,100.>
f 7,965.		18,406.	<10,441.>
g 12,212.		8,627.	3,585.
h 4,105.		2,876.	1,229.
i 6,405.		2,876.	3,529.
j 26,919.		7,474.	19,445.
k 5,058.		10,458.	<5,400.>
l 8,430.		15,315.	<6,885.>
m 39,707.		30,218.	9,489.
n 6,397.		1,989.	4,408.
o 7,100.		1,989.	5,111.

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

(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			1,687.
b			<2,780.>
c			<6,407.>
d			<6,907.>
e			<6,100.>
f			<10,441.>
g			3,585.
h			1,229.
i			3,529.
j			19,445.
k			<5,400.>
l			<6,885.>
m			9,489.
n			4,408.
o			5,111.

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

2

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

3

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	TEVA PHARMACEUTICAL	P	08/15/06	09/19/12
b	WATERS CORP	P	08/30/07	08/27/12
c	WPX ENERGY	P	10/07/04	01/18/12
d				
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a 12,573.		13,266.	<693.>
b 11,721.		9,339.	2,382.
c 5,089.		1,844.	3,245.
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

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

(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) Losses (from col (h)) Gains (excess of col (h) gain over col (k), but not less than "-0-")
a			<693.>
b			2,382.
c			3,245.
d			
e			
f			
g			
h			
i			
j			
k			
l			
m			
n			
o			

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	33,379.
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 XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
ASIA SOCIETY OF TEXAS 1730 SOUTHMORE BLVD HOUSTON, TX 77004				250.
BAYLOR COLLEGE OF MEDICINE ONE BAYLOR PLAZA HOUSTON, TX 77030				500.
BO'S PLACE 10050 BUFFALO SPEEDWAY HOUSTON, TX 77054				250.
CENTER FOR HOUSTON'S FUTURE 1200 SMITH HOUSTON, TX 77002				1,500.
CHILDREN AT RISK 2900 WESLAYAN HOUSTON, TX 77027				500.
CHILDRENS DEFENSE FUND 5410 BELLAIRE BLVD BELLAIRE, TX 77401				300.
CHINQUAPIN PREP 2615 E WALLISVILLE HIGHLANDS, TX 77562				500.
COLLABORATIVE FOR CHILDREN 3800 BUFFALO SPEEDWAY HOUSTON, TX 77098				300.
FRIENDS OF INTEGRATIVE MEDICINE PO BOX 301439 HOUSTON, TX 77230				1,000.
GIRLS INC 1235 N LOOP W HOUSTON, TX 77008				500.
Total from continuation sheets				70,922.

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
HARVARD CLUB OF HOUSTON 9307 WOODMEADOW LANE HOUSTON, TX 77025				1,000.
HARVARD UNIVERSITY 124 MOUNT AUBURN CAMBRIDGE, MA 02138				10,000.
HCHD FOUNDATION 2525 HOLLY HALL HOUSTON, TX 77054				300.
HOLOCAUST MUSEUM OF HOUSTON 5401 CAROLINE ST HOUSTON, TX 77004				1,500.
HOUSTON BALLET 601 PRESTON HOUSTON, CA 77002				2,000.
HOUSTON CENTER FOR CONTEMPORARY CRAFT 4848 MAIN STREET HOUSTON, TX 77005				300.
HOUSTON CINEMA ARTS SOCIETY 4409 MONTROSE HOUSTON, TX 77006				2,500.
HOUSTON GRAND OPERA 510 PRESTON HOUSTON, TX 77002				3,000.
INSTITUTE OF NOETIC SCIENCES 101 SAN ANTONIO ROAD PETALUMA, CA 94952				1,500.
INTERFAITH MINISTRIES 3217 MONTROSE HOUSTON, TX 77006				1,500.
Total from continuation sheets				

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
JOE NIEKRO FOUNDATION PO BOX 2876 SCOTTSDALE, AZ 85252				672.
JUNG CENTER 5200 MONTROSE HOUSTON, TX 77006				2,000.
MD ANDERSON 1515 HOLCOMBE BLVD HOUSTON, TX 77030				300.
MIDDLEBURY COLLEGE MIDDLEBURY, VT 05753				300.
MUSEUM OF FINE ARTS HOUSTON 1001 BISSONNET HOUSTON, TX 77005				850.
NATIONAL COUNCIL OF JEWISH WOMEN 6102 QUEENSLOCH HOUSTON, TX 77096				300.
NINE GATES 9722 RIM ROCK CIRCLE LOOMIS, CA 95650				500.
PLANNED PARENTHOOD 4600 GULF FREEWAY HOUSTON, TX 77023				1,500.
PROJECT GRAD 300 RICHMOND AVE HOUSTON, TX 77098				3,500.
RAOUL WALLENBERG COMMITTEE OF THE US 15 WEST 16TH ST NEW YORK, NY 10011				300.
Total from continuation sheets				

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
RICE UNIVERSITY PO BOX 1892 HOUSTON, TX 77251				3,000.
SARA LAWRENCE COLLEGE 1 MEAD WAY BRONXVILLE, NY 10708				10,000.
ST JOHNS SCHOOL 2401 CLAREMONT LANE HOUSTON, TX 77019				5,000.
TEACH FOR AMERICA 2 GREENWAY PLAZA HOUSTON, TX 77046				1,000.
TEXAS CHILDRENS HOSPITAL 6651 SOUTH MAIN ST HOUSTON, TX 77030				1,750.
UNIVERSITY OF TEXAS RANSOM CENTER PO DRAWER 7219 AUSTIN, TX 78713				7,000.
US FUND FOR UNICEF 520 POST OAK BLVD HOUSTON, TX 77027				500.
WORLD AFFAIRS COUNCIL 2500 E TC JESTER HOUSTON, TX 77008				2,250.
YES PREP PUBLIC SCHOOL 6201 BONHOMME HOUSTON, TX 77036				500.
YOUTH COMMUNICATION 224 W 29TH NEW YORK, NY 10001				500.
Total from continuation sheets				

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
J P MORGAN CLEARING CORP	19,528.
KINDER MORGAN ENERGY PARTNERS LP	69.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	19,597.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
J P MORGAN CLEARING CORP	30,760.	0.	30,760.
KINDER MORGAN ENERGY PARTNERS LP	36.	0.	36.
TOTAL TO FM 990-PF, PART I, LN 4	30,796.	0.	30,796.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
J P MORGAN CLEARING CORP	89.	89.	
KINDER MORGAN ENERGY PARTNERS LP	<1,494.>	<1,494.>	
MISCELLANEOUS	81.	81.	
TOTAL TO FORM 990-PF, PART I, LINE 11	<1,324.>	<1,324.>	

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	5,400.	5,400.		0.
MANAGEMENT FEES	13,802.	13,802.		0.
TO FORM 990-PF, PG 1, LN 16B	19,202.	19,202.		0.

FORM 990-PF

TAXES

STATEMENT

5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	206.	206.		0.
EXCISE TAX	1,763.	1,763.		0.
TO FORM 990-PF, PG 1, LN 18	1,969.	1,969.		0.

FORM 990-PF

CORPORATE STOCK

STATEMENT

6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
	905,098.	1,233,162.
TOTAL TO FORM 990-PF, PART II, LINE 10B	905,098.	1,233,162.

FORM 990-PF

CORPORATE BONDS

STATEMENT

7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
	351,708.	337,675.
TOTAL TO FORM 990-PF, PART II, LINE 10C	351,708.	337,675.