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Form 990-PF

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

OMB No 1545-0052

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

For calendar year 2012, or tax year beginning 06-01-2012, and ending 05-31-2013

Name of foundation: H E AND RUBY PELZ TR 2
A Employer identification number: 74-6392477
B Telephone number (see instructions)
C If exemption application is pending, check here
G Check all that apply: Initial return, Final return, Address change, etc.
H Check type of organization: Section 501(c)(3) exempt private foundation
I Fair market value of all assets at end of year: \$ 1,274,149
J Accounting method: Cash

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes. Rows include Revenue (1-12) and Operating and Administrative Expenses (13-26), ending with Total revenue and Total expenses.

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

Part II Balance Sheets		Beginning of year		End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1 Cash—non-interest-bearing	10,406	10,818	10,818	
	2 Savings and temporary cash investments	5,524	29,383	29,383	
	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 (attach schedule) (see page 15 of the instructions)				
	7 Other notes and loans receivable (attach schedule) ▶ _____ Less allowance for doubtful accounts ▶ _____				
	8 Inventories for sale or use				
	9 Prepaid expenses and deferred charges				
	10a Investments—U S and state government obligations (attach schedule)				
	b Investments—corporate stock (attach schedule)	613,934 <input type="checkbox"/>	647,168	1,172,608	
	c Investments—corporate bonds (attach schedule)	139,867 <input type="checkbox"/>	58,691	61,340	
	11 Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____				
	12 Investments—mortgage loans				
	13 Investments—other (attach schedule)				
	14 Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____				
15 Other assets (describe ▶ _____)					
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	769,731	746,060	1,274,149		
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 (attach schedule)				
	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 <input type="checkbox"/> 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 <input checked="" type="checkbox"/> 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	769,731	746,060			
30 Total net assets or fund balances (see page 17 of the instructions)	769,731	746,060			
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	769,731	746,060			

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	769,731
2	Enter amount from Part I, line 27a	2	-23,049
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	746,682
5	Decreases not included in line 2 (itemize) ▶ _____ <input type="checkbox"/>	5	622
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	746,060

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)
1 a CONOCOPHILLIPS	P	2009-02-02	2012-08-17
b FED ULTRASHORT BOND FD	P	2010-11-15	2012-08-20
c PIMCO FDS TOTAL RETURN	P	2011-12-13	2012-08-20
d BANK OF AMERICA	P	2009-08-24	2013-01-15
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 32,806		31,134	1,672
b 9,000		9,010	-10
c 1,001		980	21
d 50,000		50,000	
e			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a			1,672
b			-10
c			21
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	1,683
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	21

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 page 18 of 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	51,708	1,093,983	0.047266
2010	57,918	1,042,948	0.055533
2009	55,658	988,692	0.056295
2008	54,919	985,529	0.055725
2007	57,264	1,203,675	0.047574

2 Total of line 1, column (d).	2	0.262393
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.052479
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	1,176,379
5 Multiply line 4 by line 3.	5	61,735
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	243
7 Add lines 5 and 6.	7	61,978
8 Enter qualifying distributions from Part XII, line 4.	8	47,375

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 page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	487
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0
3	Add lines 1 and 2.	3	487
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	487
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	
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	487
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 <input type="checkbox"/> Refunded <input type="checkbox"/>	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?		No
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		No
c Did the foundation file Form 1120-POL for this year?		No
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		No
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		No
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		No
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? <i>If "Yes," attach the statement required by General Instruction T.</i>		No
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?		No
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	Yes	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> 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? <i>If "No," attach explanation .</i>	Yes	
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)? <i>If "Yes," complete Part XIV</i>		No
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		No

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		No		
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		No		
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ _____	13	Yes			
14	The books are in care of ▶ <u>CARY M ABNEY</u> Telephone no ▶ <u>(903) 938-9255</u> Located at ▶ <u>PO BOX 1496 MARSHALL TX</u> ZIP +4 ▶ <u>75671</u>					
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year ▶ <table border="1"><tr><td>15</td><td></td></tr></table>	15				
15						
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?	16		No		

See instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes", enter the name of the foreign country ▶ _____

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)? <input type="checkbox"/> Organizations relying on a current notice regarding disaster assistance check here. ▶ <input type="checkbox"/>	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	No
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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ 20____, 20____, 20____, 20____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions).	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.</i>)	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	No
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	No

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

<p>5a During the year did the foundation pay or incur any amount to</p> <p>(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Organizations relying on a current notice regarding disaster assistance check here. <input type="checkbox"/></p> <p>c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach the statement required by Regulations section 53.4945–5(d).</p> <p>6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes" to 6b, file Form 8870.</p> <p>7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	5b		
	6b		No
	7b		

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

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
WILLIAM A ABNEY PO BOX 1386 MARSHALL, TX 75671	CO TRUSTEE 2 00	2,900	0	0
ALLEN STAGGERS 3017 ROSBOROUGH SPRINGS ROAD MARSHALL, TX 75672	CO TRUSTEE 1 00	0	0	0
CARY M ABNEY PO BOX 1496 MARSHALL, TX 75671	SECRETARY CO TRUSTEE 4 00	6,699	0	0

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

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

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

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

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation

Total number of others receiving over \$50,000 for professional services. **▶**

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 MICHELSON MUSEUM OF ART CONSERVESEXHIBITS PAINTINGS AND PROVIDES ART LESSONS AND ENHANCES CREATIVITY FOR CHILDREN SERVES 8000 PERSONS ANNUALLY	5,000
2 SOCIETY OF ST STEPHEN PROVIDES INDIGENT FAMILIES IN THE HARRISON COUNTY AREA WITH VARIOUS NEEDS SERVES OVER 400 AREA CHILDREN ANNUALLY	5,000
3 BOYS AND GIRLS CLUB PROVIDES A PLACE FOR CHILDREN TO PARTICIPATE IN VARIOUS SOCIAL AND EDUCATIONAL ACTIVITIES SERVES OVER 400 AREA CHILDREN	5,000
4 TRINITY EPISCOPAL SCHOOL IS A RELIGIOUS ORGANIZATION SERVING OVER 400 FAMILIES	5,000

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 	
2 	
All other program-related investments See page 24 of the instructions	
3 	

Total. Add lines 1 through 3. **▶**

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	1,148,876
b	Average of monthly cash balances.	1b	45,417
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	1,194,293
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets.	2	0
3	Subtract line 2 from line 1d.	3	1,194,293
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	17,914
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,176,379
6	Minimum investment return. Enter 5% of line 5.	6	58,819

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	58,819
2a	Tax on investment income for 2012 from Part VI, line 5.	2a	487
b	Income tax for 2012 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	487
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	58,332
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	58,332
6	Deduction from distributable amount (see instructions).	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	58,332

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	47,375
b	Program-related investments—total from Part IX-B.	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	
b	Cash distribution test (attach the required schedule).	3b	
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	47,375
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions).	5	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	47,375

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				58,332
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.			33,988	
b Total for prior years 20___, 20___, 20___				
3 Excess distributions carryover, if any, to 2012				
a From 2007.				
b From 2008.				
c From 2009.				
d From 2010.				
e From 2011.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ <u>47,375</u>				
a Applied to 2011, but not more than line 2a			33,988	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2012 distributable amount.				13,387
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see instructions				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013.				44,945
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions).				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions).				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a.				
10 Analysis of line 9				
a Excess from 2008.				
b Excess from 2009.				
c Excess from 2010.				
d Excess from 2011.				
e Excess from 2012.				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling.

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

	Tax year	Prior 3 years			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.					
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:

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

NONE

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

NONE

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

Check here if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed

WILLIAM A ABNEY
PO BOX 1386
MARSHALL, TX 75671
(903) 938-6611

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

LETTER

c Any submission deadlines

NONE

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

EDUCATIONAL SCIENTIFIC RELIGIOUS OR TO RELIEVE SUFFERING

Part XV Supplementary Information (continued)

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

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i> See Additional Data Table				
Total				3a 44,500
b <i>Approved for future payment</i>				
Total				3b

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
MICHELSON MUSEUM OF ART PO BOX 8290 MARSHALL, TX 756718290	NONE	ORG	OPERATIONS	5,000
BOYS AND GIRLS CLUB PO BOX 2041 MARSHALL, TX 756712041	NONE	ORG	OPERATIONS	5,000
SOCIETY OF ST STEPHENS 300 E HOUSTON MARSHALL, TX 75670	NONE	ORG	OPERATIONS	5,000
TRINITY EPISCOPAL SCHOOL 2905 ROSBOROUGH SPRINGS ROAD MARSHALL, TX 75672	NONE	ORG	OPERATIONS	5,000
COMMUNITY SERVICES OF NE TEXAS 106 E CROCKETT MARSHALL, TX 75670	NONE	ORG	OPERATIONS	2,500
MARSHALL REGIONAL ARTS COUNCIL 2501 EAST END BLVD SOUTH MARSHALL, TX 75670	NONE	ORG	OPERATIONS	1,000
AMERICAN RED CROSS 1201 A LOUISIANA MARSHALL, TX 75670	NONE	ORG	OPERATIONS	1,000
EMPTY STOCKING FUND PO BOX 1028 MARSHALL, TX 756711028	NONE	ORG	OPERATIONS	2,500
NEWGATE MISSION 207 N MOBBERLY AVE LONGVIEW, TX 75602	NONE	ORG	OPERATIONS	3,000
THE ARC OF HARRISON COUNTY PO BOX 24 MARSHALL, TX 756710024	NONE	ORG	OPERATIONS	2,500
MARSHALL HARRISON CO LITERACY PO BOX 148 MARSHALL, TX 756710148	NONE	ORG	OPERATIONS	2,500
UNITED CHURCHES FOOD PANTRY PO BOX 1601 MARSHALL, TX 756711601	NONE	ORG	OPERATIONS	1,000
TRINITY EPISCOPAL CHURCH 106 N GROVE MARSHALL, TX 75670	NONE	ORG	OPERATIONS	3,000
WINDRIDGE THERAPEUDIC PO BOX LONGVIEW, TX 75601	NONE	ORG	OPERATIONS	2,000
LIONS DISTRICT 6645 N HIGHWAY 59 MARSHALL, TX 75672	NONE	ORG	OPERATIONS	1,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
EAST TX COUNCIL BOY SCOUTS 1331 E 5TH ST TYLER, TX 75701	NONE	ORG	OPERATIONS	500
CHASE BANK PO BOX MARSHALL, TX 75671	NONE	BUSINESS	ASSISTANCE	500
CHRISTUS HEALTH PO BOX MARSHALL, TX 75670	NONE	ORG	ASSISTANCE	1,500
Total			▶ 3a	44,500

TY 2012 Accounting Fees Schedule

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	6,699	5,024	6,699	1,675

**TY 2012 Investments Corporate
Bonds Schedule**

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Name of Bond	End of Year Book Value	End of Year Fair Market Value
BANK AMERICA CORP	0	0
CATERPILLAR FINL SVCS	24,791	26,009
CONOCOPHILLIPS GTD	19,057	19,536
GENERAL ELECTRIC CAP	14,843	15,795

TY 2012 Investments Corporate Stock Schedule

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Name of Stock	End of Year Book Value	End of Year Fair Market Value
100 AT&T	2,610	3,499
300 BANK OF AMERICA	3,475	4,098
280 BUCKEYE PARTNERS	18,527	18,519
535 CHEVRON	11,066	65,671
150 DUPONT	8,329	8,368
650 EXXON MOBIL	7,566	58,805
400 FRONTIER COMMUNICATIONS	3,648	1,658
2800 GENERAL ELECTRIC	14,992	65,296
20 IBM	2,836	4,160
250 INTL PAPER	8,202	11,537
600 ISHARES TR MSCI EAFE	31,662	36,042
575 ISHARES TR RUSSELL 2000 TR	32,200	49,634
550 KIMBERLY CLARK	14,529	53,256
180 KINDER MORGAN ENERGY	12,523	15,012
600 MERCK AND CO	10,738	28,020
100 NEXTERA ENERGY INC	3,896	7,562
125 NORTHROP GRUMMAN CORP	8,153	10,299
600 PLAINS ALL AMERICAN	18,393	33,708
187 RAYONIER INC	8,286	10,360
1260 SPDR SP 500 ETF TRUST	105,424	205,941
835 SPDR SP MIDCAP 400 ETF	78,640	180,193
250 SYSCO CORP	7,758	8,450
500 3M CO	12,800	55,135
200 VERIZON COMMUNICATIONS	7,521	9,696
200 YUM BRANDS INC	5,160	13,550
7289 FED ULTRASHORT BOND FD	66,990	67,133
6396 FID ADV INV GRADE	49,500	50,465
4425 PIMCO FDS TOTAL RETURN	48,520	48,989
76 ANADARKO PETE	6,352	6,648
80 BOEING	6,126	7,922

Name of Stock	End of Year Book Value	End of Year Fair Market Value
114 WALT DISNEY CO	6,172	7,191
94 FLUOR CORP	6,149	5,942
128 JPMORGAN CHASE	6,193	6,988
94 QUALCOMM INC	6,268	5,967
170 WELLS FARGO	5,964	6,894

TY 2012 Legal Fees Schedule

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
LEGAL FEES	6,680	6,680	6,680	0

TY 2012 Other Decreases Schedule

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Description	Amount
EXCISE TAX	622

TY 2012 Other Expenses Schedule

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
BANK AND ADVISORY FEES	11,348	11,348	11,348	0

TY 2012 Other Income Schedule

Name: H E AND RUBY PELZ TR 2

EIN: 74-6392477

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
LEASE RENTAL	11,313	11,313	11,313