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Return of Private Foundation

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

or Section 4947(a)(1) Trust Treated as Private Foundation
Do not enter Social Security numbers on this form as it may be made public.

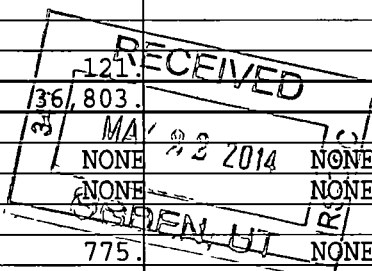
Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf

For calendar year **2013** or tax year beginning **2013**, and ending **20**

| | | |
|--|--|---|
| Name of foundation THE KANALY FOUNDATION | | A Employer identification number 76-0381632 |
| Number and street (or P O box number if mail is not delivered to street address) | Room/suite | B Telephone number (see instructions) 713-626-9483 |
| KANALY TRUST LTA 5555 SAN FELIPE SUITE 200 | | |
| City or town, state or province, country, and ZIP or foreign postal code HOUSTON, TX 77056 | | C If exemption application is pending, check here <input type="checkbox"/> |
| G Check all that apply: | | D 1 Foreign organizations, check here <input type="checkbox"/> |
| <input type="checkbox"/> Initial return | <input type="checkbox"/> Initial return of a former public charity | D 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> |
| <input type="checkbox"/> Final return | <input type="checkbox"/> Amended return | E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> |
| <input type="checkbox"/> Address change | <input type="checkbox"/> Name change | F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/> |
| H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation | | |
| <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation | | |
| I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 1,117,714. | | |
| J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ | | |
| (Part I, column (d) must be on cash basis.) | | |

| Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).) | | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash basis only) |
|--|--|------------------------------------|---------------------------|-------------------------|---|
| 1 | Contributions, gifts, grants, etc., received (attach schedule) | | | | |
| 2 | Check <input type="checkbox"/> if the foundation is not required to attach Sch B | | | | |
| 3 | Interest on savings and temporary cash investments | | | | |
| 4 | Dividends and interest from securities | 22,157. | 22,157. | | STMT 1 |
| 5a | Gross rents | | | | |
| b | Net rental income or (loss) | | | | |
| 6a | Net gain or (loss) from sale of assets not on line 10 | 14,525. | | | |
| b | Gross sales price for all assets on line 6a 185,852. | | | | |
| 7 | Capital gain net income (from Part IV, line 2) | | 14,525. | | |
| 8 | Net short-term capital gain | | | | |
| 9 | Income modifications | | | | |
| 10 a | Gross sales less returns and allowances | | | | |
| b | Less Cost of goods sold | | | | |
| c | Gross profit or (loss) (attach schedule) | | | | |
| 11 | Other income (attach schedule) | 121. | 121. | | STMT 2 |
| 12 | Total. Add lines 1 through 11 | 36,803. | 36,803. | | |
| 13 | Compensation of officers, directors, trustees, etc. | | | | |
| 14 | Other employee salaries and wages | | | | |
| 15 | Pension plans, employee benefits | | | | |
| 16a | Legal fees (attach schedule) | | | | |
| b | Accounting fees (attach schedule) STMT 3 | 775. | 775. | | NONE |
| c | Other professional fees (attach schedule) STMT 4 | 5,510. | 5,510. | | NONE |
| 17 | Interest | | | | |
| 18 | Taxes (attach schedule) (see instructions) STMT 5 | 553. | 396. | | |
| 19 | Depreciation (attach schedule) and depletion | | | | |
| 20 | Occupancy | | | | |
| 21 | Travel, conferences, and meetings | | NONE | NONE | |
| 22 | Printing and publications | | NONE | NONE | |
| 23 | Other expenses (attach schedule) STMT 6 | 40. | 40. | | |
| 24 | Total operating and administrative expenses. Add lines 13 through 23 | 6,878. | 6,721. | NONE | NONE |
| 25 | Contributions, gifts, grants paid | 36,000. | | | 36,000. |
| 26 | Total expenses and disbursements Add lines 24 and 25 | 42,878. | 6,721. | NONE | 36,000. |
| 27 | Subtract line 26 from line 12: | | | | |
| a | Excess of revenue over expenses and disbursements | -6,075. | | | |
| b | Net investment income (if negative, enter -0-) | | 30,082. | | |
| c | Adjusted net income (if negative, enter -0-) | | | | |

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| Part II Balance Sheets | | Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions.) | Beginning of year | End of year | |
|-----------------------------|--|---|-------------------|----------------|-----------------------|
| | | | (a) Book Value | (b) Book Value | (c) Fair Market Value |
| Assets | 1 | Cash - non-interest-bearing | 1,004. | | |
| | 2 | Savings and temporary cash investments | 190,476. | 206,134. | 206,134. |
| | 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 instructions) | | | |
| | 7 | Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶ | | | NONE |
| | 8 | Inventories for sale or use | | | |
| | 9 | Prepaid expenses and deferred charges | | | |
| | 10 a | Investments - U S and state government obligations (attach schedule), . . | | | |
| | b | Investments - corporate stock (attach schedule) . STMT 7 . . | 307,978. | 378,212. | 505,284. |
| | c | Investments - corporate bonds (attach schedule) . STMT 8 . . | 227,508. | 274,577. | 266,878. |
| | 11 | Investments - land, buildings, and equipment basis Less: accumulated depreciation ▶ (attach schedule) | | | |
| | 12 | Investments - mortgage loans | | | |
| | 13 | Investments - other (attach schedule) STMT 9 . . | 238,220. | 100,117. | 139,418. |
| | 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) | 965,186. | 959,040. | 1,117,714. | |
| 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) | | | NONE | |
| 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, . . . ▶ <input checked="" type="checkbox"/> check here and complete lines 27 through 31. | | | | |
| | 27 | Capital stock, trust principal, or current funds | 965,186. | 959,040. | |
| | 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 (see instructions) | 965,186. | 959,040. | | |
| 31 | Total liabilities and net assets/fund balances (see instructions) | 965,186. | 959,040. | | |

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 | 965,186. |
| 2 | Enter amount from Part I, line 27a | 2 | -6,075. |
| 3 | Other increases not included in line 2 (itemize) ▶ SEE STATEMENT 10 | 3 | 844. |
| 4 | Add lines 1, 2, and 3 | 4 | 959,955. |
| 5 | Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 11 | 5 | 915. |
| 6 | Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30 | 6 | 959,040. |

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 PUBLICLY TRADED SECURITIES | | | | |
| 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 185,852. | | 171,327. | 14,525. | |
| b | | | | |
| c | | | | |
| d | | | | |
| e | | | | |
| Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69 | | | | (i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h)) |
| (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 | | |
| a | | | 14,525. | |
| 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 14,525. |
| 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 | | { If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8 } | | 3 |

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes 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)) |
|---|---------------------------------------|---|--|
| 2012 | 115,712. | 940,512. | 0.123031 |
| 2011 | 80,455. | 987,256. | 0.081494 |
| 2010 | 82,557. | 998,279. | 0.082699 |
| 2009 | 40,000. | 969,814. | 0.041245 |
| 2008 | NONE | 1,118,730. | NONE |

| | | |
|---|----------|------------|
| 2 Total of line 1, column (d) | 2 | 0.328469 |
| 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 | 0.065694 |
| 4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5 | 4 | 1,080,939. |
| 5 Multiply line 4 by line 3 | 5 | 71,011. |
| 6 Enter 1% of net investment income (1% of Part I, line 27b) | 6 | 301. |
| 7 Add lines 5 and 6 | 7 | 71,312. |
| 8 Enter qualifying distributions from Part XII, line 4 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. | 8 | 36,000. |

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

Table with 11 rows and 2 columns. Rows include: 1a Exempt operating foundations... 1b Domestic foundations... 1c All other domestic foundations... 2 Tax under section 511... 3 Add lines 1 and 2... 4 Subtitle A (income) tax... 5 Tax based on investment income... 6 Credits/Payments: 6a 2013 estimated tax payments... 6b Exempt foreign organizations... 6c Tax paid with application... 6d Backup withholding... 7 Total credits and payments... 8 Enter any penalty... 9 Tax due... 10 Overpayment... 11 Enter the amount of line 10 to be Credited to 2014 estimated tax

Part VII-A Statements Regarding Activities

Table with 10 rows and 3 columns. Rows include: 1a During the tax year, did the foundation attempt to influence any national, state, or local legislation... 1b Did it spend more than \$100 during the year... 1c Did the foundation file Form 1120-POL for this year? 2 Has the foundation engaged in any activities that have not previously been reported to the IRS? 3 Has the foundation made any changes, not previously reported to the IRS... 4a Did the foundation have unrelated business gross income of \$1,000 or more during the year? 4b 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? 6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either... 7 Did the foundation have at least \$5,000 in assets at any time during the year? 8a Enter the states to which the foundation reports or with which it is registered... 8b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General... 9 Is the foundation claiming status as a private operating foundation... 10 Did any persons become substantial contributors during the tax year?

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
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? 13 X
Website address N/A
14 The books are in care of KANALY TRUST, LTA Telephone no (713) 626-9483
Located at 5555 SAN FELIPE -STE 200, HOUSTON, TX ZIP+4 77056
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here 15
16 At any time during calendar year 2013, 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 Yes No
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.

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 X No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes X 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 X 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 X 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
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 2013? 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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? Yes X 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) 2b X
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 X No
b If "Yes," did it have excess business holdings in 2013 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 2013) 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 2013? 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 propoganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No

(5) Provide for any purpose other than religious, chantable, 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)? Yes No

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No

If "Yes," attach the statement required by Regulations section 53 4945-5(d).

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No

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? Yes No

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 |
|---|---|---|---|---------------------------------------|
| VIRGINIA L KANALY 5555 SAN FELIPE - SUITE 200, HOUSTON, TX 77057 | PRESIDENT | -0- | -0- | -0- |
| JEFFREY C KANALY 5555 SAN FELIPE - SUITE 200, HOUSTON, TX 77056 | VP / SECRETARY | -0- | -0- | -0- |
| ANDREW D KANALY 5555 SAN FELIPE - SUITE 200, HOUSTON, TX 77056 | VP / TREASURER | -0- | -0- | -0- |

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

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

Total number of other employees paid over \$50,000 NONE

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

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

| (a) Name and address of each person paid more than \$50,000 | (b) Type of service | (c) Compensation |
|---|---------------------|------------------|
| NONE | | NONE |
| ----- | | |
| ----- | | |
| ----- | | |
| ----- | | |
| ----- | | |
| Total number of others receiving over \$50,000 for professional services | | NONE |

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc

Expenses

| | | |
|--------|-------|--|
| 1 NONE | ----- | |
| | ----- | |
| 2 | ----- | |
| | ----- | |
| 3 | ----- | |
| | ----- | |
| 4 | ----- | |
| | ----- | |

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2

Amount

| | | |
|--|-------|--|
| 1 NONE | ----- | |
| | ----- | |
| 2 | ----- | |
| | ----- | |
| All other program-related investments See instructions | | |
| 3 NONE | ----- | |
| | ----- | |
| 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 | 436,224. |
| b | Average of monthly cash balances | 1b | 167,375. |
| c | Fair market value of all other assets (see instructions) | 1c | 493,801. |
| d | Total (add lines 1a, b, and c) | 1d | 1,097,400. |
| 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 | NONE |
| 3 | Subtract line 2 from line 1d | 3 | 1,097,400. |
| 4 | Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) | 4 | 16,461. |
| 5 | Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4. | 5 | 1,080,939. |
| 6 | Minimum investment return. Enter 5% of line 5 | 6 | 54,047. |

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 | 54,047. |
| 2a | Tax on investment income for 2013 from Part VI, line 5 | 2a | 602. |
| b | Income tax for 2013. (This does not include the tax from Part VI.) | 2b | |
| c | Add lines 2a and 2b | 2c | 602. |
| 3 | Distributable amount before adjustments. Subtract line 2c from line 1. | 3 | 53,445. |
| 4 | Recoveries of amounts treated as qualifying distributions | 4 | NONE |
| 5 | Add lines 3 and 4 | 5 | 53,445. |
| 6 | Deduction from distributable amount (see instructions) | 6 | NONE |
| 7 | Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1. | 7 | 53,445. |

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 | 36,000. |
| 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 | NONE |
| 3 | Amounts set aside for specific charitable projects that satisfy the: | | |
| a | Suitability test (prior IRS approval required) | 3a | NONE |
| b | Cash distribution test (attach the required schedule) | 3b | NONE |
| 4 | Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4. | 4 | 36,000. |
| 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 | N/A |
| 6 | Adjusted qualifying distributions. Subtract line 5 from line 4 | 6 | 36,000. |

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 2012 | (c) 2012 | (d) 2013 |
|--|---------------|----------------------------|-------------|-------------|
| 1 Distributable amount for 2013 from Part XI, line 7 | | | | 53,445. |
| 2 Undistributed income, if any, as of the end of 2013 | | | | |
| a Enter amount for 2012 only | | | NONE | |
| b Total for prior years 20 <u>11</u> , 20 <u> </u> , 20 <u> </u> | | NONE | | |
| 3 Excess distributions carryover, if any, to 2013 | | | | |
| a From 2008 | | | | NONE |
| b From 2009 | | | | NONE |
| c From 2010 | | | | 33,529. |
| d From 2011 | | | | 32,182. |
| e From 2012 | | | | 69,262. |
| f Total of lines 3a through e | 134,973. | | | |
| 4 Qualifying distributions for 2013 from Part XII, line 4: ► \$ <u>36,000.</u> | | | | |
| a Applied to 2012, but not more than line 2a | | | NONE | |
| b Applied to undistributed income of prior years (Election required - see instructions) | | NONE | | |
| c Treated as distributions out of corpus (Election required - see instructions) | NONE | | | |
| d Applied to 2013 distributable amount | | | | 36,000. |
| e Remaining amount distributed out of corpus | NONE | | | |
| 5 Excess distributions carryover applied to 2013 (If an amount appears in column (d), the same amount must be shown in column (a).) | 17,445. | | | 17,445. |
| 6 Enter the net total of each column as indicated below: | | | | |
| a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5 | 117,528. | | | |
| b Prior years' undistributed income Subtract line 4b from line 2b | | NONE | | |
| 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 | | NONE | | |
| d Subtract line 6c from line 6b Taxable amount - see instructions | | NONE | | |
| e Undistributed income for 2012. Subtract line 4a from line 2a. Taxable amount - see instructions | | | NONE | |
| f Undistributed income for 2013 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014 | | | | |
| 7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions) | NONE | | | |
| 8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions) | NONE | | | |
| 9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a | 117,528. | | | |
| 10 Analysis of line 9. | | | | |
| a Excess from 2009 | | | | NONE |
| b Excess from 2010 | | | | 16,084. |
| c Excess from 2011 | | | | 32,182. |
| d Excess from 2012 | | | | 69,262. |
| e Excess from 2013 | | | | |

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

NOT APPLICABLE

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2013, 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 | | | (e) Total |
|---|----------|---------------|----------|----------|-----------|
| | (a) 2013 | (b) 2012 | (c) 2011 | (d) 2010 | |
| 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 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))

VIRGINIA L KANALY

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 address of the person to whom applications should be addressed:

SEE STATEMENT 12

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

SEE ATTACHED STATEMENT FOR LINE 2

c Any submission deadlines:

N/A

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

SEE ATTACHED STATEMENT FOR LINE 2

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 | | | | |
| U OF T HEALTH AND SCIENCE CTR OFF. OF INST AD 7000 FANNIN, STE 1200 HOUSTON TX 77054 | NONE | 501(C)(3) | GENERAL FUNDING FOR PROGRAMS | 5,000. |
| ST. LUKES UNITED METHOD. CHURCH P.O. BOX 22013 HOUSTON TX 77227-2013 | NONE | 501(C)(3) | GENERAL FUNDING FOR PROGRAMS | 25,000. |
| SEVEN ACRES 6200 N. BRARSWOOD BLVD HOUSTON TX 77074-7599 | NONE | 501(C)(3) | IN HONOR OF THE MYERSON FAMILY-2013 GALA | 1,000. |
| MEMORIAL HERMANN FDN 929 GESSNER, SUITE 2650 HOUSTON TX 77024 | NONE | 501(C)(3) | IN HONOR OF G. COLASURDO-UNDER THE BDWK | 5,000. |
| Total ▶ 3a | | | | 36,000. |
| b Approved for future payment | | | | |
| Total ▶ 3b | | | | |

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Table with 5 main columns: (a) Business code, (b) Amount, (c) Exclusion code, (d) Amount, (e) Related or exempt function income. Rows include: 1 Program service revenue, 2 Membership dues and assessments, 3 Interest on savings and temporary cash investments, 4 Dividends and interest from securities, 5 Net rental income or (loss) from real estate, 6 Net rental income or (loss) from personal property, 7 Other investment income, 8 Gain or (loss) from sales of assets other than inventory, 9 Net income or (loss) from special events, 10 Gross profit or (loss) from sales of inventory, 11 Other revenue, 12 Subtotal, 13 Total.

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

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

Table with 2 columns: Line No., Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions.)

NOT APPLICABLE

Schedule of Contributors

2013

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**

▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at www.irs.gov/form990

| | |
|--|---|
| Name of the organization THE KANALY FOUNDATION | Employer identification number 76-0381632 |
|--|---|

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 its Form 990-PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

| | |
|--|---|
| Name of organization THE KANALY FOUNDATION | Employer identification number 76-0381632 |
|--|---|

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 |
|------------|-----------------------------------|----------------------------|--|
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions) |
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions) |
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions) |
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions) |
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions) |
| ----- | ----- ----- ----- | \$ ----- | Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.) |

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

| DESCRIPTION | REVENUE AND EXPENSES PER BOOKS | NET INVESTMENT INCOME |
|----------------------------------|---|-----------------------------|
| ASTON TAMRO SMALL CAP FUND-N | 40. | 40. |
| ASTON RIVER RD DIV ALL CAP-I | 713. | 713. |
| AIM CHARTEDELLR FUND CL Y | 893. | 893. |
| AQR MULTI STRATEGY ALT FD-I | 947. | 947. |
| CAMBIAR SMALL CAP-INS | 327. | 327. |
| CAMBIAR OPPORTUNITY FD-INST | 493. | 493. |
| ADVISERS INVT TR JOHCM INTL SL I | 78. | 78. |
| AMERICAN BEACON ST S/C GR-IS | 52. | 52. |
| DODGE & COX INCOME FD | 1,887. | 1,887. |
| DOUBLELINE TOTL RET BND-I | 4,637. | 4,637. |
| DRIEHAUS ACTIVE INCOME FUND | 309. | 309. |
| PARAMETRIC EMERGING MRKTS-I | 214. | 214. |
| FPA NEW INCOME INC | 1,121. | 1,121. |
| FEDERATED STRAT VAL DVD-INST | 1,944. | 1,944. |
| GATEWAY FUND-Y | 531. | 531. |
| HARDING LOEVNER EMG MKTS | 242. | 242. |
| HARDING LOEVNER INTL EQTY-IV | 109. | 109. |
| OAKMARK INTL SMALL CAP-CL I | 381. | 381. |
| ISHARES SELECT DIVIDEND ETF | 614. | 614. |
| ISHARES CORE S&P 500 ETF | 307. | 307. |
| ISHARES RUSSELL 1000 VALUE E | 456. | 456. |
| ISHARES RUSSELL 1000 GROWTH | 536. | 536. |
| NATIXIS VAUGHAN NEL S/C VL-Y | 891. | 891. |
| PIMCO ALL ASSET FUND-INSTITU | 1,389. | 1,389. |
| PIMCO COMMODITY RR STRAT-INS | 340. | 340. |
| PIMCO INVESTMENT GRD CORP-IN | 2,690. | 2,690. |
| SEI DAILY INCOME TR GOVT-SWP | 2. | 2. |
| SCHWAB GOVT MONEY FUND | 14. | 14. |
| TOTAL | 22,157. | 22,157. |

FORM 990PF, PART I - OTHER INCOME
=====

| DESCRIPTION ----- | REVENUE AND EXPENSES PER BOOKS ----- | NET INVESTMENT INCOME ----- |
|-------------------------------------|--|--------------------------------------|
| ORDINARY INCOME ENTERPRISE PRODUCTS | -366. | -366. |
| ORDINARY INCOME PLAINS ALL AMERICAN | 487. | 487. |
| TOTALS | 121. | 121. |
| | ===== | ===== |

FORM 990PF, PART I - ACCOUNTING FEES

| DESCRIPTION | REVENUE AND EXPENSES PER BOOKS | NET INVESTMENT INCOME | ADJUSTED NET INCOME | CHARITABLE PURPOSES |
|---------------------------------|--------------------------------|-----------------------|---------------------|---------------------|
| TAX PREPARATION FEE (ALLOCABLE) | 775. | 775. | | |
| TOTALS | 775. | 775. | NONE | NONE |

FORM 990PF, PART I - OTHER PROFESSIONAL FEES
=====

| DESCRIPTION ----- | REVENUE AND EXPENSES PER BOOKS ----- | NET INVESTMENT INCOME ----- |
|--------------------------------|--|--------------------------------------|
| TRUSTEE/EXECUTOR FEES-PRINCIPA | 5,510. | 5,510. |
| TOTALS | 5,510. | 5,510. |
| | ===== | ===== |

FORM 990PF, PART I - TAXES

=====

| DESCRIPTION | REVENUE AND EXPENSES PER BOOKS | NET INVESTMENT INCOME |
|--------------------------------|--------------------------------|-----------------------|
| FEDERAL TAX PAYMENT - PRIOR YE | 157. | |
| FEDERAL ESTIMATES - PRINCIPAL | 288. | 288. |
| FOREIGN TAXES ON QUALIFIED FOR | 101. | 101. |
| FOREIGN TAXES ON NONQUALIFIED | 7. | 7. |
| TOTALS | 553. | 396. |

THE KANALY FOUNDATION

76-0381632

FORM 990PF, PART I - OTHER EXPENSES
=====

| DESCRIPTION | REVENUE AND EXPENSES PER BOOKS | NET INVESTMENT INCOME |
|-------------------------------|---|-----------------------------|
| OTHER NON-ALLOCABLE EXPENSE - | 40. | 40. |
| TOTALS | 40. | 40. |

THE KANALY FOUNDATION

76-0381632

FORM 990PF, PART II - CORPORATE STOCK
=====

| DESCRIPTION | ENDING BOOK VALUE | ENDING FMV |
|-------------------------------|----------------------|---------------|
| EATON VANCE STRUCTD EMERG MKT | 21,946. | 29,427. |
| EDGEWOOD GROWTH RETAIL | 20,266. | 24,852. |
| HARDING LOEVNER EMERG MKTS | 11,043. | 17,377. |
| AMERICAN BEACON STEPHENS | 13,161. | 20,275. |
| ASTON TAMRO SMALL CAP FD | 27,331. | 40,455. |
| CAMBIAR OPPORTUNITY FUND | 21,921. | 41,600. |
| ISHARES TR RUSSELL 1001 GRWTH | 16,711. | 20,056. |
| NATIXIS VAUGHAN NELSON | 16,326. | 20,049. |
| ISHARES DJ SELCT DIV FD | 9,359. | 12,452. |
| CAMBIAR SMALL CAP FD INV | 18,804. | 25,388. |
| GENEVA ADVS ALL CAP | 13,406. | 18,058. |
| ADVISERS INVT TR JOHCM INTL | 21,216. | 26,061. |
| ASTON RIVER ROAD | 49,091. | 60,033. |
| FEDERATED STRATEGIC | 26,217. | 43,201. |
| INVESCO CHARTER FUND CL Y | 17,755. | 21,179. |
| HARDING LOEVNER INTL | 29,558. | 31,746. |
| ISHARES CORE S&P 500 | 25,310. | 29,664. |
| ISHARES RUSSELL 1000 VALUE | 10,278. | 11,601. |
| OAKMARK INTL SMALL CAP | 8,513. | 11,810. |
| PARAMETRIC EMERGING MKTS | | |
| TOTALS | 378,212. | 505,284. |

THE KANALY FOUNDATION

76-0381632

FORM 990PF, PART II - CORPORATE BONDS

=====

| DESCRIPTION | ENDING BOOK VALUE | ENDING FMV |
|-------------------------|-------------------|------------|
| PIMCO INVESTMENT GRADE | 70,590. | 67,139. |
| DODGE & COX INCOME FUND | 68,762. | 69,216. |
| DOUBLELINE TOTAL RETURN | 102,395. | 99,410. |
| FPA NEW INCOME CL A | 32,830. | 31,113. |
| TOTALS | 274,577. | 266,878. |

THE KANALY FOUNDATION

76-0381632

FORM 990PF, PART II - OTHER INVESTMENTS

| DESCRIPTION | COST/ FMV C OR F | ENDING BOOK VALUE | ENDING FMV |
|--------------------------|------------------------|----------------------|---------------|
| ABSOLUTE STRATEGIES FUND | C | | |
| ENTERPRISE PRD PRTNRS LP | C | 2,299. | 21,017. |
| PIMCO ALL ASSET INSTL CL | C | 26,624. | 28,350. |
| PIMCO COMMODITY REAL | C | | |
| PLAINS ALL AMERN PPLN LP | C | 6,514. | 20,190. |
| SPDR GOLD TRUST | C | | |
| ABSOLUTE OPPTY FD INST | C | | |
| DRIEHAUS ACTIVIE INCM FD | C | 15,725. | 15,369. |
| AQR MULTI STRATGEY ALT | C | 17,961. | 18,072. |
| GATEWAY FUND | C | 30,994. | 36,420. |
| MARKET VECTORS ETF TRUST | C | | |

TOTALS

 100,117.
 =====

FORM 990PF, PART III - OTHER INCREASES IN NET WORTH OR FUND BALANCES

| DESCRIPTION | AMOUNT |
|---|--------|
| BASIS ADJUSTMENTS TO UNITS SOLD IN 2013 | 402. |
| FEES POSTED IN 2014; TAXED IN 2013 | 442. |
| TOTAL | 844. |

FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCES

| DESCRIPTION | AMOUNT |
|-------------------------------------|--------|
| INCOME POSTED IN 2014 TAXED IN 2013 | 703. |
| INCOME POSTED IN 2013 TAXED IN 2012 | 212. |
| TOTAL | 915. |

THE KANALY FOUNDATION
FORM 990PF, PART XV - LINES 2a - 2d
=====

76-0381632

RECIPIENT NAME:
JEFFREY KANALY
ADDRESS:
5555 SAN FELIPE, SUITE 200
HOUSTON, TX 77056
RECIPIENT'S PHONE NUMBER: 713-626-9483
FORM, INFORMATION AND MATERIALS:
NO SPECIFIC GUIDELINES
NONE
RESTRICTIONS OR LIMITATIONS ON AWARDS:
NONE

STATEMENT 12

**SCHEDULE D
(Form 1041)**

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1041, Form 5227, or Form 990-T.
▶ Use Form 8949 to list your transactions for lines 1b, 2, 3, 8b, 9 and 10.
▶ Information about Schedule D and its separate instructions is at www.irs.gov/form1041

OMB No 1545-0092

2013

Name of estate or trust: **THE KANALY FOUNDATION** Employer identification number: **76-0381632**

Note: Form 5227 filers need to complete **only** Parts I and II.

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

| See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars. | (d) Proceeds (sales price) | (e) Cost (or other basis) | (g) Adjustments to gain or loss from Form(s) 8949, Part I, line 2, column (g) | (h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g) |
|--|----------------------------------|---------------------------------|---|---|
| 1a Totals for all short-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 1b | | | | |
| 1b Totals for all transactions reported on Form(s) 8949 with Box A checked | | | | |
| 2 Totals for all transactions reported on Form(s) 8949 with Box B checked | | | | |
| 3 Totals for all transactions reported on Form(s) 8949 with Box C checked | 35,773. | 40,575. | | -4,802. |
| 4 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824 | | | | 4 |
| 5 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts | | | | 5 |
| 6 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2012 Capital Loss Carryover Worksheet | | | | 6 () |
| 7 Net short-term capital gain or (loss). Combine lines 1a through 6 in column (h). Enter here and on line 17, column (3) on the back ▶ | | | | 7 -4,802. |

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

| See instructions for how to figure the amounts to enter on the lines below. This form may be easier to complete if you round off cents to whole dollars. | (d) Proceeds (sales price) | (e) Cost (or other basis) | (g) Adjustments to gain or loss from Form(s) 8949, Part II, line 2, column (g) | (h) Gain or (loss) Subtract column (e) from column (d) and combine the result with column (g) |
|---|----------------------------------|---------------------------------|--|---|
| 8a Totals for all long-term transactions reported on Form 1099-B for which basis was reported to the IRS and for which you have no adjustments (see instructions). However, if you choose to report all these transactions on Form 8949, leave this line blank and go to line 8b | | | | |
| 8b Totals for all transactions reported on Form(s) 8949 with Box D checked | | | | |
| 9 Totals for all transactions reported on Form(s) 8949 with Box E checked | | | | |
| 10 Totals for all transactions reported on Form(s) 8949 with Box F checked | 137,979. | 130,752. | | 7,227. |
| 11 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824 | | | | 11 |
| 12 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts. | | | | 12 |
| 13 Capital gain distributions. | | | | 13 12,100. |
| 14 Gain from Form 4797, Part I. | | | | 14 |
| 15 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2012 Capital Loss Carryover Worksheet | | | | 15 () |
| 16 Net long-term capital gain or (loss). Combine lines 8a through 15 in column (h). Enter here and on line 18a, column (3) on the back ▶ | | | | 16 19,327. |

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2013

| Part III Summary of Parts I and II | | (1) Beneficiaries' (see instr.) | (2) Estate's or trust's | (3) Total |
|--|---|---------------------------------|-------------------------|-----------|
| Caution: Read the instructions before completing this part. | | | | |
| 17 | Net short-term gain or (loss) | 17 | | -4,802. |
| 18 | Net long-term gain or (loss): | | | |
| | a Total for year | 18a | | 19,327. |
| | b Unrecaptured section 1250 gain (see line 18 of the wrksh.) | 18b | | 1. |
| | c 28% rate gain | 18c | | 4,985. |
| 19 | Total net gain or (loss). Combine lines 17 and 18a ▶ | 19 | | 14,525. |

Note: If line 19, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a). If lines 18a and 19, column (2), are net gains, go to Part V, and do not complete Part IV. If line 19, column (3), is a net loss, complete Part IV and the **Capital Loss Carryover Worksheet**, as necessary.

Part IV Capital Loss Limitation

| | | | |
|-----------|---|-----------|-----|
| 20 | Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the smaller of: a The loss on line 19, column (3) or b \$3,000 | 20 | () |
|-----------|---|-----------|-----|

Note: If the loss on line 19, column (3), is more than \$3,000, or if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the **Capital Loss Carryover Worksheet** in the instructions to figure your capital loss carryover.

Part V Tax Computation Using Maximum Capital Gains Rates

Form 1041 filers. Complete this part **only** if both lines 18a and 19 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22, is more than zero.

Caution: Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if:

- Either line 18b, col. (2) or line 18c, col. (2) is more than zero, or
- Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero.

Form 990-T trusts. Complete this part **only** if both lines 18a and 19 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, line 34, is more than zero. Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if either line 18b, col. (2) or line 18c, col. (2) is more than zero.

| | | | | |
|-----------|--|-----------|--|--|
| 21 | Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34). | 21 | | |
| 22 | Enter the smaller of line 18a or 19 in column (2) but not less than zero | 22 | | |
| 23 | Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T) | 23 | | |
| 24 | Add lines 22 and 23 | 24 | | |
| 25 | If the estate or trust is filing Form 4952, enter the amount from line 4g; otherwise, enter -0- ▶ | 25 | | |
| 26 | Subtract line 25 from line 24. If zero or less, enter -0- | 26 | | |
| 27 | Subtract line 26 from line 21. If zero or less, enter -0- | 27 | | |
| 28 | Enter the smaller of the amount on line 21 or \$2,450 | 28 | | |
| 29 | Enter the smaller of the amount on line 27 or line 28 | 29 | | |
| 30 | Subtract line 29 from line 28. If zero or less, enter -0-. This amount is taxed at 0% ▶ | 30 | | |
| 31 | Enter the smaller of line 21 or line 26 | 31 | | |
| 32 | Subtract line 30 from line 26 | 32 | | |
| 33 | Enter the smaller of line 21 or \$11,950 | 33 | | |
| 34 | Add lines 27 and 30 | 34 | | |
| 35 | Subtract line 34 from line 33. If zero or less, enter -0- | 35 | | |
| 36 | Enter the smaller of line 32 or line 35 | 36 | | |
| 37 | Multiply line 36 by 15%. ▶ | 37 | | |
| 38 | Enter the amount from line 31 | 38 | | |
| 39 | Add lines 30 and 36 | 39 | | |
| 40 | Subtract line 39 from line 38. If zero or less, enter -0- | 40 | | |
| 41 | Multiply line 40 by 20% ▶ | 41 | | |
| 42 | Figure the tax on the amount on line 27. Use the 2013 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041) | 42 | | |
| 43 | Add lines 37, 41, and 42 | 43 | | |
| 44 | Figure the tax on the amount on line 21. Use the 2013 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041) | 44 | | |
| 45 | Tax on all taxable income. Enter the smaller of line 43 or line 44 here and on Form 1041, Schedule G, line 1a (or Form 990-T, line 36) ▶ | 45 | | |

FEDERAL CAPITAL GAIN DISTRIBUTIONS

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LONG-TERM CAPITAL GAIN DISTRIBUTIONS

15% RATE CAPITAL GAIN DISTRIBUTIONS

| | |
|------------------------------|----------|
| ASTON TAMRO SMALL CAP FUND-N | 1,911.00 |
| ASTON RIVER RD DIV ALL CAP-I | 1,421.00 |
| AIM CHARTEDELLR FUND CL Y | 1,465.00 |
| AQR MULTI STRATEGY ALT FD-I | 87.00 |
| CAMBIAR SMALL CAP-INS | 1,113.00 |
| EDGEWOOD GROWTH FUND-RETAIL | 375.00 |
| AMERICAN BEACON ST S/C GR-IS | 675.00 |
| FEDERATED STRAT VAL DVD-INST | 307.00 |
| HARDING LOEVNER EMG MKTS | 655.00 |
| NATIXIS VAUGHAN NEL S/C VL-Y | 2,544.00 |
| PIMCO INVESTMENT GRD CORP-IN | 1,546.00 |

TOTAL 15% RATE CAPITAL GAIN DISTRIBUTIONS

12,099.00

TOTAL LONG-TERM CAPITAL GAIN DISTRIBUTIONS

12,099.00

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