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Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

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OMB No 1545-0052

2014

Open to Public Inspection

Form 990-PF

Department of the Treasury
Internal Revenue Service

For calendar year 2014 or tax year beginning

, and ending

Name of foundation
**KCL FOUNDATION
C/O KARYN BUCHANAN**

Number and street (or P O box number if mail is not delivered to street address) Room/suite
901 S. MOPAC EXPY, BARTON OAKS PLAZA, B 240

City or town, state or province, country, and ZIP or foreign postal code
AUSTIN, TX 78746

A Employer identification number
74-2707482

B Telephone number
(512)505-4121

C If exemption application is pending, check here

D 1. Foreign organizations, check here
2. Foreign organizations meeting the 85% test, check here and attach computation

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

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here

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

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

I Fair market value of all assets at end of year (from Part II, col. (c), line 16)
\$ 4,214,549. (Part I, column (d) must be on cash basis.)

J Accounting method: Cash Accrual
 Other (specify)

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 <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments		2.	2.		STATEMENT 1
4 Dividends and interest from securities		59,070.	59,070.		STATEMENT 2
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		54,361.			
b Gross sales price for all assets on line 6a		373,807.			
7 Capital gain net income (from Part IV, line 2)			54,361.		
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		141.	141.		STATEMENT 3
12 Total. Add lines 1 through 11		113,574.	113,574.		
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 4,490.	2,245.		2,245.
c Other professional fees		STMT 5 9,321.	9,321.		0.
17 Interest					
18 Taxes		STMT 6 2,503.	1,563.		0.
19 Depreciation and depletion					
20 Occupancy					
21 Travel, conferences, and meetings					
22 Printing and publications					
23 Other expenses		STMT 7 1,499.	0.		1,499.
24 Total operating and administrative expenses. Add lines 13 through 23		17,813.	13,129.		3,744.
25 Contributions, gifts, grants paid		222,803.			222,803.
26 Total expenses and disbursements. Add lines 24 and 25		240,616.	13,129.		226,547.
27 Subtract line 26 from line 12:					
a Excess of revenue over expenses and disbursements		-127,042.			
b Net investment income (if negative, enter -0-)			100,445.		
c Adjusted net income (if negative, enter -0-)				N/A	

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Part II Balance Sheets Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	208,042.	149,013.	149,013.
	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 8	1,566,051.	1,486,271.	2,000,723.
	c Investments - corporate bonds STMT 9	669,271.	681,038.	667,651.
	11 Investments - land, buildings, and equipment: basis ▶			
Less accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other STMT 10	1,134,576.	1,134,576.	1,397,162.	
14 Land, buildings, and equipment: basis ▶				
Less accumulated depreciation ▶				
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers - see the instructions. Also, see page 1, item I)	3,577,940.	3,450,898.	4,214,549.	
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 ▶ <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	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
29 Retained earnings, accumulated income, endowment, or other funds	3,577,940.	3,450,898.		
30 Total net assets or fund balances	3,577,940.	3,450,898.		
31 Total liabilities and net assets/fund balances	3,577,940.	3,450,898.		

Part III Analysis of Changes in Net Assets or Fund Balances

1 Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,577,940.
2 Enter amount from Part I, line 27a	2	-127,042.
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	3,450,898.
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	3,450,898.

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Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a			
b SEE ATTACHED STATEMENT			
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 373,807.		319,446.	54,361.

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) 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			
b			
c			
d			
e			54,361.

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	54,361.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8		3	N/A

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

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

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

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

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

1 Enter the appropriate amount in each column for each year; see 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))
2013	198,799.	4,084,346.	.048673
2012	183,559.	3,875,006.	.047370
2011	199,875.	4,007,778.	.049872
2010	198,000.	3,863,448.	.051250
2009	178,763.	3,511,609.	.050906

2 Total of line 1, column (d)	2	.248071
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	.049614
4 Enter the net value of noncharitable-use assets for 2014 from Part X, line 5	4	4,235,595.
5 Multiply line 4 by line 3	5	210,145.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	1,004.
7 Add lines 5 and 6	7	211,149.
8 Enter qualifying distributions from Part XII, line 4	8	226,547.

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.

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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 <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 checked="" type="checkbox"/> and enter 1% of Part I, line 27b.		1	1,004.
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	1,004.
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	1,004.
6 Credits/Payments:			
a 2014 estimated tax payments and 2013 overpayment credited to 2014	6a	1,004.	
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	1,004.	
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	0.	
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 2015 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?		X
1b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.</i>		X
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. <input type="checkbox"/> \$ <u>0.</u> (2) On foundation managers. <input type="checkbox"/> \$ <u>0.</u>		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ <u>0.</u>		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
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? <i>If "Yes," attach the statement required by General Instruction T.</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> <u>TX</u>		
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 <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2014 or the taxable year beginning in 2014 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X

N/A

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Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ <u>N/A</u>	13	X	
14	The books are in care of ▶ <u>KARYN BUCHANAN</u> Telephone no. ▶ <u>512-505-4121</u> Located at ▶ <u>901 S. MOPAC EXPY, BARTON OAKS PLAZA, BLDG 3, #240</u> ZIP+4 ▶ <u>78746</u>			
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 2014, 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 FinCEN Form 114, (formerly 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input 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 instructions)? Organizations relying on a current notice regarding disaster assistance check here ▶ <input type="checkbox"/>	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2014?	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 2014, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2014? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ▶ _____, _____, _____		
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) N/A	2b	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ _____, _____, _____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If "Yes," did it have excess business holdings in 2014 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 2014.) 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 2014?	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 4945(d)(4)(A)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No
Organizations relying on a current notice regarding disaster assistance check here N/A

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). N/A

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.

(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
KYLE L. HUGHES 901 S.MOPAC EXPY, BLDG 3, SUITE 240 AUSTIN, TX 78746	VICE PRESIDENT 0.25	0.	0.	0.
CRAIG HUGHES 901 S.MOPAC EXPY, BLDG 3, SUITE 240 AUSTIN, TX 78746	PRESIDENT 0.25	0.	0.	0.
M. GAIL HUGHES 901 S.MOPAC EXPY, BLDG 3, SUITE 240 AUSTIN, TX 78746	VICE PRESIDENT 0.25	0.	0.	0.
KARYN BUCHANAN 901 S.MOPAC EXPY, BLDG 3, SUITE 240 AUSTIN, TX 78746	TREASURER/SECRETARY 0.50	0.	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 VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

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

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

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

Part IX-A Summary of Direct Charitable Activities

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

	Expenses
1 N/A	
2	
3	
4	

Part IX-B Summary of Program-Related Investments

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

	Amount
1 N/A	
2	
3 All other program-related investments. See instructions.	
Total. Add lines 1 through 3 ▶	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	4,130,787.
b	Average of monthly cash balances	1b	169,309.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	4,300,096.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	4,300,096.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	64,501.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,235,595.
6	Minimum investment return. Enter 5% of line 5	6	211,780.

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	211,780.
2a	Tax on investment income for 2014 from Part VI, line 5	2a	1,004.
b	Income tax for 2014. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,004.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	210,776.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	210,776.
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	210,776.

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	226,547.
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	226,547.
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	1,004.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	225,543.

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 2013	(c) 2013	(d) 2014
1 Distributable amount for 2014 from Part XI, line 7				210,776.
2 Undistributed income, if any, as of the end of 2014				
a Enter amount for 2013 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2014:				
a From 2009	4,199.			
b From 2010	6,256.			
c From 2011	2,381.			
d From 2012				
e From 2013				
f Total of lines 3a through e	12,836.			
4 Qualifying distributions for 2014 from Part XII, line 4: ► \$ 226,547.				
a Applied to 2013, 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 2014 distributable amount				210,776.
e Remaining amount distributed out of corpus	15,771.			
5 Excess distributions carryover applied to 2014 (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	28,607.			
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 2013. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2014. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2015				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2009 not applied on line 5 or line 7	4,199.			
9 Excess distributions carryover to 2015. Subtract lines 7 and 8 from line 6a	24,408.			
10 Analysis of line 9:				
a Excess from 2010	6,256.			
b Excess from 2011	2,381.			
c Excess from 2012				
d Excess from 2013				
e Excess from 2014	15,771.			

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2014, 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				(e) Total
	(a) 2014	(b) 2013	(c) 2012	(d) 2011	
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test - enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:

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

M. GAIL HUGHES

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:

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

c Any submission deadlines:

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

Part 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 1219.51 SHS CALDWELL & ORKIN MARKET	P	08/16/12	05/22/14
b 10806.21 SHS CORE COMMODITY MGMT	P	VARIOUS	05/22/14
c 255 ISHARES S&P MIDCAP 400	P	12/07/09	03/12/14
d 7622.16 SHS LOOMIS SAYLES STRATEGIC INC	P	VARIOUS	02/13/14
e 1724.14 SHS ROYCE SELECT INVESTMENT	P	12/07/09	03/12/14
f CAPITAL GAINS DIVIDENDS			
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 25,816.		25,025.	791.
b 117,330.		138,865.	-21,535.
c 34,949.		17,954.	16,995.
d 125,817.		108,233.	17,584.
e 34,975.		29,369.	5,606.
f 34,920.			34,920.
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			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
(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			791.
b			-21,535.
c			16,995.
d			17,584.
e			5,606.
f			34,920.
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	54,361.
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

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

SOURCE	(A) REVENUE PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME
JPMORGAN CHASE	2.	2.	
TOTAL TO PART I, LINE 3	2.	2.	

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
CHARLES SCHWAB	93,990.	34,920.	59,070.	59,070.	
TO PART I, LINE 4	93,990.	34,920.	59,070.	59,070.	

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
DELL LITIGATION SETTLEMENT	60.	60.	
CIT GROUP LITIGATION SETTLEMENT	5.	5.	
OM GROUP LITIGATION SETTLEMENT	25.	25.	
AIG SECURITIES LITIGATION SETTLEMENT	51.	51.	
TOTAL TO FORM 990-PF, PART I, LINE 11	141.	141.	

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 FEES	4,490.	2,245.		2,245.
TO FORM 990-PF, PG 1, LN 16B	4,490.	2,245.		2,245.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FINANCIAL ADVISORY FEES	9,321.	9,321.		0.
TO FORM 990-PF, PG 1, LN 16C	9,321.	9,321.		0.

FORM 990-PF	TAXES			STATEMENT 6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAXES - FOREIGN	1,563.	1,563.		0.
TAXES - EXCISE	940.	0.		0.
TO FORM 990-PF, PG 1, LN 18	2,503.	1,563.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INSURANCE	725.	0.		725.
DUES	725.	0.		725.
OFFICE EXPENSE	49.	0.		49.
TO FORM 990-PF, PG 1, LN 23	1,499.	0.		1,499.

FORM 990-PF	CORPORATE STOCK	STATEMENT	8
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
ABERDEEN EMERGING MARKETS	154,000.	155,004.
ALPS CORE COMMODITY (FKA JEFFERIES ASSET MGMT)	0.	0.
CALDWELL & ORKIN MARKET OPPORTUNITY FUND	0.	0.
DFA EMERGING MARKETS SMALL CAP	84,029.	125,814.
FIRST EAGLE OVERSEAS	203,608.	238,474.
GOTHAM ABSOLUTE RETURN INST	25,000.	29,570.
HARBOR INTERNATIONAL	193,084.	224,989.
ISHARES S&P MID CAP 400	12,321.	25,340.
ISHARES S&P SMALL CAP 600 GROWTH	55,203.	119,535.
POWERSHARES FTSE RAFI ETF	224,489.	439,778.
ROBECO BOSTON PARTNERS L/S EQUITY	47,000.	43,929.
ROYCE SELECT I	42,636.	43,766.
SALIENT MLP & ENERGY INFRAS II	244,914.	279,087.
TOUCHSTONE SMALL CAP CORE	74,987.	136,375.
DFA REAL ESTATE SECURITIES	125,000.	139,062.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,486,271.	2,000,723.

FORM 990-PF	CORPORATE BONDS	STATEMENT	9
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
BBH LIMITED DURATION FD CL I	422,000.	419,043.
LOOMIS SAYLES STRATEGIC INCOME	0.	0.
TEMPLETON GLOBAL	259,038.	248,608.
TOTAL TO FORM 990-PF, PART II, LINE 10C	681,038.	667,651.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	10
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
ALTERNATIVE INVESTMENTS	FMV	500,000.	589,652.
IRONWOOD INTERNATIONAL LTD.	FMV	634,576.	807,510.
TOTAL TO FORM 990-PF, PART II, LINE 13		1,134,576.	1,397,162.

GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR - 2014

STATEMENT 11

Recipient Name and Address	Recipient Status	Recipient Relationship	Purpose of Grant	Total
A Legacy of Giving 4315 Guadalupe St Suite 300 Austin, TX 78751	PC	N/A	To support organization's purposes	\$ 11,500
ADAPT 1640-A East 2nd Street, Suite 100 Austin, TX 78702	PC	N/A	To support organization's purposes	\$ 500
AGE of Central Texas 3710 Cedar Street, Box 2 Austin, TX 78705	PC	N/A	To support organization's purposes	\$ 1,000
Any Baby Can 1121 E. 7th Street Austin, Tx 78702	PC	N/A	To support organization's purposes	\$ 3,000
Austin Children's Services 4800 Manor Road Austin, TX 78723-5471	PC	N/A	To support organization's purposes	\$ 5,000
Austin Clubhouse P.O. Box 300568 Austin, TX 78703	PC	N/A	To support organization's purposes	\$ 5,500
Austin Community Foundation 4315 Guadalupe St., Suite 300 Austin, TX 78751	PC	N/A	To support organization's purposes	\$ 1,000
Austin Humane Society 124 W. Anderson Ln. Austin, TX 78752	PC	N/A	To support organization's purposes	\$ 25,867
Austin Pets Alive 1156 West Cesar Chavez Austin, TX 78703	PC	N/A	To support organization's purposes	\$ 1,000
Austin Speech Labs 7800 Shoal Creek Blvd. Suite 1368 Austin, TX 78757	PC	N/A	To support organization's purposes	\$ 1,000
Austin Sunshine Camps P. O. Box 684980 Austin, Texas 78768-4980	PC	N/A	To support organization's purposes	\$ 5,000
Boneshaker Project 301 Congress Ave., Suite 1250 Austin, TX 78701	PC	N/A	To support organization's purposes	\$ 950
Brown Santa P O. Box 207 Austin, TX 78767-0207	PC	N/A	To support organization's purposes	\$ 3,000
Capital Area Food Bank 8201 S. Congress Ave. Austin, TX 78745-7305	PC	N/A	To support organization's purposes	\$ 8,833
Capitol Area Council, BSA 12500 N IH 35 Austin, TX 78753	PC	N/A	To support organization's purposes	\$ 19,000
Caritas P O. Box 1947 Austin, TX 78767-1947	PC	N/A	To support organization's purposes	\$ 3,000
Center for Child Protection 8509 FM 969, Building 2 Austin, TX 78724	PC	N/A	To support organization's purposes	\$ 4,500
Center for Survivors of Torture 5124 Burnet Road Austin, TX 78756	PC	N/A	To support organization's purposes	\$ 3,000

Recipient Name and Address	Recipient Status	Recipient Relationship	Purpose of Grant	Total
Children's Advocacy Centers of Texas P.O. Box 12275 Austin, TX 78711	PC	N/A	To support organization's purposes	\$ 3,000
Children's Medical Center Foundation 4900 Mueller Blvd. Austin, TX 78723	PC	N/A	To support organization's purposes	\$ 500
Christ Together Greater Austin 12124 RR 620 North Austin, TX 78750	PC	N/A	To support organization's purposes	\$ 5,000
Coalition of Texans w/Disabilities 316 W. 12th St., #405 Austin, TX 78701	PC	N/A	To support organization's purposes	\$ 1,000
Colin's Hope PMB 147 3267 Bee Cave Road, Suite 107 Austin, TX 78746-6700	PC	N/A	To support organization's purposes	\$ 750
Convenant Presbyterian Foundation, Inc. 3003 Northland Drive Austin, TX 78757	PC	N/A	To support organization's purposes	\$ 500
Darrell K Royal Research Fund 3963 Maple Avenue Suite 390 Dallas, TX 75219	PC	N/A	To support organization's purposes	\$ 10,000
Dogs on Deployment P.O. Box 710286 Santee, CA 92072	PC	N/A	To support organization's purposes	\$ 1,000
Duke University P.O. Box 90581, Durham NC 27708	PC	N/A	To support organization's purposes	\$ 10,000
Entrepreneurs Foundation of Central Texas P.O. Box 684826 Austin, TX 78768-4826	PC	N/A	To support organization's purposes	\$ 10,000
Explore Austin 2121 E. Cesar Chavez Street Austin, TX 78702	PC	N/A	To support organization's purposes	\$ 3,617
Exponent Philanthropy (Assoc of Sm Found) 1720 N Street, NW Washington, DC 20036	PC	N/A	To support organization's purposes	\$ 500
Fellowship of Christian Athletes 104 Hi Stirrup Horseshoe Bay, TX 78657	PC	N/A	To support organization's purposes	\$ 5,000
GenAustin P O. Box 3122 Austin, Texas 78704	PC	N/A	To support organization's purposes	\$ 1,200
Helping Hand Home For Children 3804 Avenue B Austin TX 78751	PC	N/A	To support organization's purposes	\$ 3,000
I Live Here I Give Here 98 San Jacinto Blvd, Suite 1200 Austin, TX 78701-4299	PC	N/A	To support organization's purposes	\$ 1,500
Juvenile Diabetes Research Foundation Austin Chapter 3420 Executive Center Drive, #108 Austin, TX 78731	PC	N/A	To support organization's purposes	\$ 500

GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR - 2014

STATEMENT 11

Recipient Name and Address	Recipient Status	Recipient Relationship	Purpose of Grant	Total
Kipp Austin Public Schools 8509 FM 969 Suite C Austin, TX 78724	PC	N/A	To support organization's purposes	\$ 1,500
KMFA 3001 N. Lamar Blvd , Suite 100 Austin, TX 78705	PC	N/A	To support organization's purposes	\$ 500
Make a Wish Foundation 2224 Walsh Tarlton Ln. #200 Austin, TX 78746	PC	N/A	To support organization's purposes	\$ 2,500
McBride Conservation Fund ABC Bank 610 W. 5th St Austin, TX 78701	PC	N/A	To support organization's purposes	\$ 2,000
Meals on Wheels 3227 E. 5th St Austin, TX 78702-4907	PC	N/A	To support organization's purposes	\$ 1,336
Mobile Loaves & Fishes, Inc. 903 S. Capital of TX Hwy Austin, Texas 78746	PC	N/A	To support organization's purposes	\$ 1,500
Montessori for All 7302 Blinn Circle Austin, TX 78723	PC	N/A	To support organization's purposes	\$ 3,000
National Multiple Sclerosis Society 8111 N Stadium Dr., STE 100 Houston, TX 77054	PC	N/A	To support organization's purposes	\$ 500
Partnerships for Children P O Box 204444 Austin, TX 78720	PC	N/A	To support organization's purposes	\$ 1,000
Presbyterian Children's Homes P.O Box 140888 Austin, TX 78714-9981	PC	N/A	To support organization's purposes	\$ 2,500
Ronald McDonald House 1315 Barbara Jordan Blvd Austin, Texas 78723	PC	N/A	To support organization's purposes	\$ 3,000
Safe Place P O Box 19454 Austin TX 78760	PC	N/A	To support organization's purposes	\$ 4,000
Seedling Foundation 221 W. 6th St , Ste 2000 Austin, TX 78701	PC	N/A	To support organization's purposes	\$ 1,250
Settlement Home 1600 Payton Gin Rd Austin, TX 78758	PC	N/A	To support organization's purposes	\$ 3,000
SIMS Foundation P O Box 2152 Austin, TX 78768-2152	PC	N/A	To support organization's purposes	\$ 1,000
Special Forces Charitable Trust P.O Box 53 Essex, CT 06426	PC	N/A	To support organization's purposes	\$ 2,000
St. Andrew's Episcopal School 1112 W. 31st Street Austin TX 78705	PC	N/A	To support organization's purposes	\$ 17,000

Recipient Name and Address	Recipient Status	Recipient Relationship	Purpose of Grant	Total
The Busby Foundation 3600 North Capital of Texas Hwy Building B Suite 250 Austin, TX 78746-3367	PC	N/A	To support organization's purposes	\$ 500
The Leukemia & Lymphoma Society Team in Training 651 W. Washington Blvd , Suite 400 Chicago, IL 60661-2237	PC	N/A	To support organization's purposes	\$ 1,000
The Livestrong Foundation National Mail Processing Center PO Box 6002 Albert Lea, MN 56007- 6002	PC	N/A	To support organization's purposes	\$ 2,500
The Seton Fund C/O Seton Forum 1201 W. 38th Street Austin, Texas 78705	PC	N/A	To support organization's purposes	\$ 5,500
Therapy Pet Pals of Texas 3930 Bee Cave Rd , Suite C Austin, TX 78746	PC	N/A	To support organization's purposes	\$ 1,500
Umlauf Sculpture Garden & Museum 605 Robert E Lee Road Austin TX 78704	PC	N/A	To support organization's purposes	\$ 2,500
Wonders & Worries Inc. 923 Westbank Dr , Ste. C Austin, TX 78746	PC	N/A	To support organization's purposes	\$ 2,000
				<u>\$ 222,803</u>