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EXTENDED TO NOVEMBER 15, 2016

Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

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.*

OMB No. 1545-0052

2015

Open to Public Inspection

For calendar year 2015 or tax year beginning , and ending

Name of foundation
KLEINHEINZ FAMILY FOUNDATION FOR THE ARTS AND EDUCATION

A Employer identification number
26-1631057

Number and street (or P.O. box number if mail is not delivered to street address) | Room/suite
301 COMMERCE STREET, SUITE 1900

B Telephone number
(682) 747-5656

City or town, state or province, country, and ZIP or foreign postal code
FORT WORTH, TX 76102

C If exemption application is pending, check here ▶ ☐

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

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 114,052,894.

J Accounting method: ☒ Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

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

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a).)

	Line	Description	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received			N/A	
	2	Check ▶ ☒ if the foundation is not required to attach Sch. B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	1,237,656.	1,237,656.		STATEMENT 1
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	4,806,668.			
	b	Gross sales price for all assets on line 6a 2,297,851.				
	7	Capital gain net income (from Part IV, line 2)		4,806,668.		
	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	186,649.	832,315.		STATEMENT 2
	12	Total. Add lines 1 through 11	6,230,973.	6,876,639.		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.	200,000.	0.		200,000.
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees				
	b	Accounting fees				
	c	Other professional fees				
	17	Interest				
	18	Taxes STMT 3	252,492.	68,049.		0.
	19	Depreciation and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses STMT 4	1,330,821.	1,330,821.		0.
	24	Total operating and administrative expenses. Add lines 13 through 23	1,783,313.	1,398,870.		200,000.
	25	Contributions, gifts, grants paid	3,580,000.			3,580,000.
	26	Total expenses and disbursements. Add lines 24 and 25	5,363,313.	1,398,870.		3,780,000.
	27	Subtract line 26 from line 12:				
	a	Excess of revenue over expenses and disbursements	867,660.			
	b	Net investment income (if negative, enter -0-)		5,477,769.		
	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 (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing	526,622.	1,276,172.	1,276,172.
	2 Savings and temporary cash investments	2,296,330.	4,798,937.	4,798,937.
	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 5	1,408,506.	392,264.	406,066.
	c Investments - corporate bonds			
	11 Investments - land, buildings, and equipment basis ▶ 400,000.			
	Less accumulated depreciation ▶	400,000.	400,000.	585,000.
	12 Investments - mortgage loans			
	13 Investments - other STMT 6	105,189,232.	103,681,045.	106,986,719.
	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)	109,820,690.	110,548,418.	114,052,894.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] 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	109,820,690.	110,548,418.	
	30 **Total net assets or fund balances**	109,820,690.	110,548,418.	
	31 **Total liabilities and net assets/fund balances**	109,820,690.	110,548,418.	

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	109,820,690.
2	Enter amount from Part I, line 27a	2	867,660.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	110,688,350.
5	Decreases not included in line 2 (itemize) ▶ COST ADJUSTMENT	5	139,932.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	110,548,418.

Part IV Capital Gains and Losses for Tax on Investment Income

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

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e	2,297,851.		2,626,940.	4,806,668.

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

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				
b				
c				
d				
e				4,806,668.

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	4,806,668.
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))
2014	2,380,899.	127,931,140.	.018611
2013	6,804,700.	94,423,256.	.072066
2012	1,183,201.	65,865,090.	.017964
2011	6,233,899.	71,412,604.	.087294
2010	1,487,949.	23,141,377.	.064298

2	Total of line 1, column (d)	2	.260233
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	.052047
4	Enter the net value of noncharitable-use assets for 2015 from Part X, line 5	4	125,449,359.
5	Multiply line 4 by line 3	5	6,529,263.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	54,778.
7	Add lines 5 and 6	7	6,584,041.
8	Enter qualifying distributions from Part XII, line 4	8	3,780,000.

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

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

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ____ (attach copy of letter if necessary-see instructions)			
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b		1	109,555.
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	109,555.
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	109,555.
6 Credits/Payments:			
a 2015 estimated tax payments and 2014 overpayment credited to 2015	6a		
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c 200,000.		
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d		7	200,000.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☐ if Form 2220 is attached		8	
9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶		9	
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	90,445.
11 Enter the amount of line 10 to be: **Credited to 2016 estimated tax** ▶ 0. **Refunded** ▶		11	90,445.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for the definition)?	1b		X
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.			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ TX			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2015 or the taxable year beginning in 2015 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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

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

Website address ▶ N/A

14 The books are in care of ▶ JAMES K. PHILLIPS Telephone no. ▶ (682) 747-5656

Located at ▶ 300 COMMERCE STREET, STE 1900, FORT WORTH, TX ZIP+4 ▶ 76102

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

			Yes	No
16	At any time during calendar year 2015, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		X
	See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ▶			

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

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

			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☒ Yes ☐ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No			
b	If any answer is "Yes" to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b		X
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2015?	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 2015, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2015? ☐ Yes ☒ No			
	If "Yes," list the years ▶ ____, ____, ____, ____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ____, ____, ____, ____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 2015 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 2015.)* 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 2015?	4b		X

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

			Yes	No
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)?	N/A	5b		
Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A	☐ Yes ☐ No			
If "Yes," attach the statement required by Regulations section 53.4945-5(d).				
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No			
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b		X
If "Yes" to 6b, file Form 8870.				
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No			
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b		

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
SEE STATEMENT 7		200,000.	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	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3 ▶	0.

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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	118,835,346.
b	Average of monthly cash balances	1b	7,939,409.
c	Fair market value of all other assets	1c	585,000.
d	**Total** (add lines 1a, b, and c)	1d	127,359,755.
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	127,359,755.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	1,910,396.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	125,449,359.
6	**Minimum investment return.** Enter 5% of line 5	6	6,272,468.

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	6,272,468.
2a	Tax on investment income for 2015 from Part VI, line 5 2a 109,555.		
b	Income tax for 2015. (This does not include the tax from Part VI.) 2b		
c	Add lines 2a and 2b	2c	109,555.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	6,162,913.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	6,162,913.
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	6,162,913.

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	3,780,000.
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	3,780,000.
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	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	3,780,000.

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 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7					6,162,913.
2 Undistributed income, if any, as of the end of 2015					
a Enter amount for 2014 only				0.	
b Total for prior years: ______, ______, ______			0.		
3 Excess distributions carryover, if any, to 2015:					
a From 2010					
b From 2011	1,388,681.				
c From 2012					
d From 2013	2,479,053.				
e From 2014					
f Total of lines 3a through e		3,867,734.			
4 Qualifying distributions for 2015 from Part XII, line 4: ▶ $ 3,780,000.					
a Applied to 2014, 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 2015 distributable amount					3,780,000.
e Remaining amount distributed out of corpus		0.			
5 Excess distributions carryover applied to 2015 (If an amount appears in column (d), the same amount must be shown in column (a).)		2,382,913.			2,382,913.
6 Enter the net total of each column as indicated below:					
a Corpus Add lines 3f, 4c, and 4e Subtract line 5		1,484,821.			
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 2014. Subtract line 4a from line 2a. Taxable amount - see instr.				0.	
f Undistributed income for 2015. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2016					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 2010 not applied on line 5 or line 7		0.			
9 Excess distributions carryover to 2016. Subtract lines 7 and 8 from line 6a		1,484,821.			
10 Analysis of line 9:					
a Excess from 2011					
b Excess from 2012					
c Excess from 2013	1,484,821.				
d Excess from 2014					
e Excess from 2015					

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 2015, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			
	(a) 2015	(b) 2014	(c) 2013	(d) 2012	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 **Information Regarding Foundation Managers:**

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

MARSHA KLEINHEINZ

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:

JAMES K. PHILLIPS, (682) 747-5656
301 COMMERCE STREET, STE 1900, FORT WORTH, TX 76102

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

SEE EXHIBIT 1

c Any submission deadlines:

JUNE 1 OR NOVEMBER 1

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

SEE EXHIBIT 1

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				
AMON CARTER MUSEUM OF AMERICAN ART 3501 CAMP BOWIE BLVD FORT WORTH, TX 76107	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	200,000.
CAZADERO MUSIC CAMP 5385 CAZADERO HIGHWAY CAZADERO, CA 95421	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	25,000.
CHARTER SCHOOL GROWTH FUND 10901 120TH AVE #450 BROOMFIELD, CO 80021	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	300,000.
FORT WORTH MUSEUM OF SCIENCE AND HISTORY 1600 GENDY ST. FORT WORTH, TX 76107	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	225,000.
FORT WORTH SYMPHONY 330 EAST 4TH STREET #200 FORT WORTH, TX 76102	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	50,000.
Total SEE CONTINUATION SHEET(S)			▶ 3a	3,580,000.
b Approved for future payment				
NONE				
Total			▶ 3b	0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	1,237,656.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	832,315.	
8 Gain or (loss) from sales of assets other than inventory			14	4,806,668.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a SEE STATEMENT 8		-645,666.			
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		-645,666.		6,876,639.	0.

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 6,230,973.

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

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

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

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of:			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
		N/A	

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

b If "Yes," complete the following schedule.

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

Sign Here

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

Signature of officer or trustee [signature] Date 11/15/16 Title OFFICER

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
KELLY R. HEIN, JR.	[signature]	11/15/16		P00286352

Firm's name ▶ RYLANDER, CLAY & OPITZ, LLP — Firm's EIN ▶ 75-1458509

Firm's address ▶ 3200 RIVERFRONT DRIVE, SUITE 200 FORT WORTH, TX 76107 — Phone no. 817-332-2301

523622 11-24-15

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	FROM CEDAR STREET TETON FUND, LP			
b	FROM TETON CAPITAL PARTNERS			
c	FROM TETON CAPITAL PARTNERS			
d	FROM BECKER DRAPKIN PARTNERS, LP			
e	FROM BECKER DRAPKIN PARTNERS, LP			
f	FROM BALCONES CAPITAL PARTNERS			
g	FROM BALCONES CAPITAL PARTNERS			
h	PUBLICLY-TRADED SECURITIES	P		
i	FROM PROSHARES ULTRA SILVER			
j	FROM BECKER DRAPKIN PARTNERS SLV, LTD			
k	FROM BECKER DRAPKIN PARTNERS SLV, LTD			
l	FROM PACIFIC LAKE PARTNERS FUND TWO			
m	FROM PACIFIC LAKE PARTNERS FUND TWO			
n	FROM SATORI ALPHA			
o	FROM SATORI ALPHA			

	(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				295.
b				766,443.
c				5,532,015.
d				374,525.
e				216,626.
f				-337,231.
g				-245,226.
h	2,297,851.		2,626,940.	-329,089.
i				-55,810.
j				74,824.
k				-34,757.
l				36.
m				243.
n				51,378.
o				21,424.

	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				295.
b				766,443.
c				5,532,015.
d				374,525.
e				216,626.
f				-337,231.
g				-245,226.
h				-329,089.
i				-55,810.
j				74,824.
k				-34,757.
l				36.
m				243.
n				51,378.
o				21,424.

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter "-0-" in Part I, line 7 }	2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	3	

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04-01-15

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	FROM PROSIGHT FUND, LP			
b	FROM PROSIGHT FUND, LP			
c	REDEMPTION OF CORTEX OFFSHORE			
d	FINAL REDEMPTION OF CAM FUND			
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				246,791.
b				33,804.
c				-1,505,692.
d				-3,931.
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

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

	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a				246,791.
b				33,804.
c				-1,505,692.
d				-3,931.
e				
f				
g				
h				
i				
j				
k				
l				
m				
n				
o				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter "-0-" in Part I, line 7 }	2	4,806,668.
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter "-0-" in Part I, line 8	3	N/A

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
GILL CHILDREN'S SERVICES 555 HEMPHILL STREET FORT WORTH, TX 76104	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	10,000.
GOODFELLOW'S FUND PO BOX 1870 FORT WORTH, TX 76101	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	5,000.
GREAT HEART TEXAS 824 BROADWAY ST. SAN ANTONIO, TX 78215	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	250,000.
JESUIT HIGH SCHOOL 9000 SW BEAVERTON-HILLSDALE HWY PORTLAND, OR 97225	NONE	PUBLIC	CASH GRANT FOR THE JESUIT ENDOWMENT	30,000.
LITERACY UNITED 3145 MCCART AVENUE FORT WORTH, TX 76110	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	20,000.
MODERN ART MUSEUM OF FORT WORTH 3200 DARNELL ST. FORT WORTH, TX 76107	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	200,000.
NARRATIVE 2120 CALIFORNIA ST. SAN FRANCISCO, CA 94115	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	15,000.
PERFORMING ARTS OF FORT WORTH 525 COMMERCE ST. FORT WORTH, TX 76102	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	75,000.
PROJECT HAND UP 2557 STONE MYERS PKWY GRAPEVINE, TX 76051	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	200,000.
STANFORD UNIVERSITY 450 SERRA MALL STANFORD, CA 94305	NONE	PUBLIC	KLEINHEINZ FAMILY PROFESSORSHIP OF EUROPEAN STUDIES	700,000.
Total from continuation sheets				2,780,000.

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
STANFORD UNIVERSITY 450 SERRA MALL STANFORD, CA 94305	NONE	PUBLIC	ANDERSON COLLECTION	500,000.
STANFORD UNIVERSITY 450 SERRA MALL STANFORD, CA 94305	NONE	PUBLIC	STANFORD INSTITUTE FOR ECONOMIC POLICY RESEARCH	200,000.
STAR CHILDRENS' SCHOLARSHIP 6707 BRENTWOOD STAIR ROAD #205 FORT WORTH, TX 76112	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	25,000.
TEACH FOR AMERICA 700 N. PEARL ST. DALLAS, TX 75201	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	75,000.
TEXAS BALLET THEATRE 1540 MALL CIR. FORT WORTH, TX 76116	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	50,000.
TEXAS PUBLIC POLICY 901 CONGRESS AVE. AUSTIN, TX 78701	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	50,000.
THE TEXAS TRIBUNE 823 CONGRESS AVE, SUITE 1400 AUSTIN, TX 78701	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	65,000.
UPLIFT EDUCATION 1801 S BEACH ST. FORT WORTH, TX 76105	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	175,000.
UT PRESS 2100 COMAL STREET, STOP E4800 AUSTIN, TX 78712	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	35,000.
WAKE FOREST UNIVERSITY 1834 WAKE FOREST RD. WINSTON-SALEM, NC 27106	NONE	PUBLIC	CASH GRANT TO THE GENERAL FUND	100,000.
Total from continuation sheets				

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
FROM ALPHACREDIT DEBT FUND, LLC K-1	136,496.	0.	136,496.	136,496.	
FROM ALPHACREDIT DEBT FUND, LLC K-1	360,000.	0.	360,000.	360,000.	
FROM ALPHACREDIT SUBORDINATED DEBT FUND, LLC	370,408.	0.	370,408.	370,408.	
FROM BAIRD 1099	23,238.	0.	23,238.	23,238.	
FROM BALCONES CAPITAL PARTNERS	10,173.	0.	10,173.	10,173.	
FROM BOUNTY MINERALS II, LLC	311.	0.	311.	311.	
FROM CHENIERE ENERGY PARTNERS, LP	585.	0.	585.	585.	
FROM IRS	40,522.	0.	40,522.	40,522.	
FROM NEW VERNON MAURITUS	30,937.	0.	30,937.	30,937.	
FROM PACIFIC LAKE PARTNERS FUND TWO, LP	161.	0.	161.	161.	
FROM PROSHARES ULTRA SILVER	162.	0.	162.	162.	
FROM PROSIGHT FUND	608.	0.	608.	608.	
FROM SATORI ALPHA	1,390.	0.	1,390.	1,390.	
FROM TETON CAPITAL PARTNERS, LP	261,821.	0.	261,821.	261,821.	
FROM VORTUS INVESTMENTS, LP	844.	0.	844.	844.	
TO PART I, LINE 4	1,237,656.	0.	1,237,656.	1,237,656.	

FORM 990-PF OTHER INCOME STATEMENT 2

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
OTHER INCOME FROM TETON CAPITAL PARTNERS K-1	209,723.	209,723.	
ROYALTY INCOME FROM MSW ROYALTIES, LLC	83,412.	83,412.	
ROYALTY INCOME FROM BOUNTY MINERALS II, LLC K-1	53,617.	53,617.	

OTHER INCOME FROM BECKER DRAPKIN PARTNERS LP	236.	236.	
OTHER INCOME FROM CEDAR STREET TETON FUND LP	403,131.	403,131.	
OTHER INCOME FROM CHENIERE ENERGY PARTNERS LP	-593.	-593.	
OTHER INCOME FROM PACIFIC LAKE PARTNERS FUND TWO LP	-47.	-47.	
ROYALTY INCOME FROM VORTUS INVESTMENTS LP	2,852.	2,852.	
OTHER INCOME FROM VORTUS	111.	111.	
ROYALTY INCOME FROM TETON CAPITAL PARTNERS	1,791.	1,791.	
ROYALTY INCOME FROM BALCONES CAPITAL PARTNER	2,743.	2,743.	
OTHER INCOME FROM BALCONES CAPITAL PARTNERS	16,044.	16,044.	
OTHER INCOME FROM PROSHARES ULTRA SILVERS	-41.	-41.	
OTHER INCOME FROM BOUNTY MINERALS LLC	62,047.	62,047.	
OTHER INCOME FROM SATORI ALPHA	-2,407.	-2,407.	
OTHER LOSS FROM NEW VERNON MAURITUS	-304.	-304.	
OTHER INCOME FROM CHENIERE ENERGY PARTNERS LP	-634,793.	0.	
OTHER INCOME FROM PACIFIC LAKE PARTNERS FUND TWO LP	-18,890.	0.	
BUSINESS INCOME FROM VORTUS	61,962.	0.	
OTHER INCOME FROM TETON CAPITAL PARTNERS K-1	-53,945.	0.	
TOTAL TO FORM 990-PF, PART I, LINE 11	186,649.	832,315.	

FORM 990-PF TAXES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	61,875.	61,875.		0.
EXCISE TAXES	184,443.	0.		0.
PRODUCTION TAXES	3,845.	3,845.		0.
AD VALOREM TAXES	2,329.	2,329.		0.
TO FORM 990-PF, PG 1, LN 18	252,492.	68,049.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER DEDUCTIONS FROM BECKER DRAPKIN PARTNERS, LP K-1	182,957.	182,957.		0.
OTHER DEDUCTIONS FROM TETON CAPITAL PARTNERS, LP K-1	658,261.	658,261.		0.
OTHER DEDUCTIONS FROM BOUNTY MINERALS K-1	46,530.	46,530.		0.
OTHER DEDUCTIONS FROM CEDAR STREET TETON FUND LP	21,794.	21,794.		0.
OTHER DEDUCTIONS FROM CHENIERE ENERGY PARTNERS LP	12,097.	12,097.		0.
OTHER DEDUCTIONS FROM PACIFIC LAKE PARTNERS FUND TWO LP	57,358.	57,358.		0.
OTHER DEDUCTIONS FROM VORTUS	175,141.	175,141.		0.
OTHER DEDUCTIONS BALCONES CAPITAL PARTNERS LP	53,146.	53,146.		0.
OTHER DEDUCTIONS ATLAS/MONTROSE INVESTMENT PARTNERS	3.	3.		0.
OTHER DEDUCTIONS FROM PROSHARES ULTRA SILVER	2,103.	2,103.		0.
OTHER DEDUCTIONS FROM BECKER DRAPKIN PARTNERS SLV, LTD	9,401.	9,401.		0.
OTHER DEDUCTIONS FROM SATORI ALPHA	37,337.	37,337.		0.
OTHER DEDUCTIONS FROM NEW VERNON MAURITUS	34,734.	34,734.		0.
OTHER DEDUCTIONS FROM PROSIGHT FUND, LP	39,959.	39,959.		0.
TO FORM 990-PF, PG 1, LN 23	1,330,821.	1,330,821.		0.

FORM 990-PF	CORPORATE STOCK	STATEMENT 5
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
300,000 SH CUMULUS MEDIA	0.	0.
134,459 SH INFOSYSTEM HOLDINGS	392,264.	406,066.
250,000 SH PENDRELL CORP	0.	0.
TOTAL TO FORM 990-PF, PART II, LINE 10B	392,264.	406,066.

FORM 990-PF OTHER INVESTMENTS STATEMENT 6

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
ALPHACREDIT DEBT FUND, LLC (CL B)	COST	654,637.	654,637.
ALPHACREDIT DEBT FUND, LLC (CL C)	COST	2,000,000.	2,000,000.
ALPHACREDIT SUB DEBT FUND, LLC	COST	1,953,195.	2,000,000.
ANDALUSIAN OFFSHORE, LTD	COST	6,000,000.	4,807,362.
ATLAS ADVANTAGE OFFSHORE	COST	70,457.	81,452.
ATLAS MONROE INVESTMENT PARTNERS	COST	206,954.	250,000.
AZENTUS GLOBAL OPPORTUNITIES	COST	8,704,069.	10,090,176.
BALCONES CAPITAL	COST	1,893,355.	1,893,355.
BECKER DRAPKIN PARTNERS, LP	COST	321,739.	321,739.
BECKER DRAPKIN SL V	COST	2,092,565.	1,729,115.
BOUNTY MINERALS II, LLC	COST	5,067,022.	2,500,000.
CAM INTERNATIONAL	COST	1,000,000.	909,419.
CAPITAL SPRING FINANCE COMPANY	COST	5,000,000.	2,000,000.
CEDAR STREET TETON FUND LP	COST	4,051,773.	4,080,792.
CHENIERE ENERGY PARTNERS LP	COST	9,068,450.	8,733,450.
CORTEX GLOBAL FUND OFFSHORE	COST	0.	0.
HIRZEL CAPITAL FUND (OFFSHORE) LTD	COST	2,695,949.	3,039,298.
MSW ROYALTIES LLC FUND I	COST	2,040,266.	2,000,000.
NANTUCKET FUND	COST	3,000,000.	4,075,148.
NEW VERNON MAURITIUS	COST	4,977,166.	5,202,640.
PACIFIC LAKE PARTNERS FUND LP	COST	1,190,503.	1,253,496.
PROSHARES ULTRA SILVER	COST	641,287.	541,600.
PROSIGHT FUND LP	COST	3,341,241.	3,572,523.
SATORI ALPHA LP	COST	2,334,990.	2,057,960.
TETON CAPITAL PARTNERS, LP	COST	29,612,213.	37,009,294.
VORTUS INVESTMENTS LP	COST	755,137.	1,049,301.
YOST OFFSHORE FUND, LTD	COST	5,000,000.	5,133,962.
DISTRIBUTIONS RECEIVABLE	COST	8,077.	0.
TOTAL TO FORM 990-PF, PART II, LINE 13		103,681,045.	106,986,719.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 7

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN-SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
MARSHA KLEINHEINZ 209 WEST 2ND STREET #308 FORT WORTH, TX 76102	PRESIDENT, DIRECTOR 2.00	0.	0.	0.
PETER PHILPOTT 209 WEST 2ND STREET #308 FORT WORTH, TX 76102	VICE-PRESIDENT, DIRECTOR 2.00	50,000.	0.	0.
JAMES K. PHILLIPS 209 WEST 2ND STREET #308 FORT WORTH, TX 76102	CHIEF FINANCIAL OFFICER 2.00	0.	0.	0.
PETER MESROBIAN 209 WEST 2ND STREET #308 FORT WORTH, TX 76102	DIRECTOR 2.00	50,000.	0.	0.
JAY HERD 209 WEST 2ND STREET #308 FORT WORTH, TX 76102	DIRECTOR 2.00	50,000.	0.	0.
ROBERT LARKINS 209 WEST 2ND STREET #308 FORT WORTH, TX 76102	DIRECTOR 2.00	50,000.	0.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		200,000.	0.	0.

FORM 990-PF OTHER REVENUE STATEMENT 8

DESCRIPTION	BUS CODE	UNRELATED BUSINESS INC	EXCL CODE	EXCLUDED AMOUNT	RELATED OR EXEMPT FUNC-TION INCOME
OTHER INCOME FROM CHENIERE ENERGY PARTNERS LP	900099	-634,793.			
OTHER INCOME FROM PACIFIC LAKE PARTNERS FUND TWO LP	900099	-18,890.			
BUSINESS INCOME FROM VORTUS	900099	61,962.			
OTHER INCOME FROM TETON CAPITAL PARTNERS K-1	900099	-53,945.			
TOTAL TO FORM 990-PF, PG 12, LN 11		-645,666.			

GENERAL EXPLANATION STATEMENT 9

FORM/LINE IDENTIFIER AND DESCRIPTION/RETURN REFERENCE

FORM 990-PF PART VII-B LINE 1A(3) - FURNISHING GOODS, SVCS, OR FACILITIES

EXPLANATION:

DURING THE YEAR, THE ORGANIZATION CONDUCTED ITS OPERATIONS OUT OF THE OFFICES OF KLEINHEINZ CAPITAL PARTNERS, INC. JOHN KLEINHEINZ IS THE PRESIDENT OF KLEINHEINZ CAPITAL PARTNERS, INC. AND THE SOLE SHAREHOLDER OF THE KLEINHEINZ FAMILY FOUNDATION FOR THE ARTS AND EDUCATION. THE OFFICE SPACE AND CERTAIN ADMINISTRATIVE AND INVESTMENT MANAGEMENT SERVICES ARE DONATED BY KLEINHEINZ CAPITAL PARTNERS, INC.

Exhibit "1"

Kleinheinz Family Foundation for the Arts and Education

Guidelines for Grant Application

Kleinheinz Family Foundation for the Arts and Education was established for the purpose of making gifts and grants in accordance with the restrictions imposed on organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The role of Kleinheinz Family Foundation for the Arts and Education is to focus attention on important charitable issues and institutions. This can best be done by encouraging both new and established non-profit organizations to develop new programs which address these issues or to expand existing programs which fill gaps in the existing programs. Categories considered for funding include, but are not limited to:

- Arts and Cultural Affairs
- Education
- Community Program and Service

Applications are not accepted for grants to individuals.

The enclosed outline should be used to prepare a grant application. Applications should be brief but complete enough to explain the project. When an application is received, it will be reviewed for thoroughness and the receipt acknowledged. Kleinheinz Family Foundation for the Arts and Education may request a meeting with the proposer to discuss the application.

The Board of Directors meets in June and November to review all completed applications which meet grant guidelines. Deadlines for applications are June 1 and November 1, as applicable. Applicants should not contact members of the Board to discuss proposals. All applicants will be notified as soon as a decision is made concerning their request. Each application is given individualized attention and the review process is flexible enough to meet needs as they emerge.

For further information, call Kleinheinz Family Foundation for the Arts and Education office at (682) 747 - 5656.

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Kleinheinz Family Foundation for the Arts and Education

Grant Application Instructions

1. Submit a Grant Application to K.leinheinz Family Foundation for the Arts and Education by June 1 or November 1. The Grant Application should include a description of the project, a total estimated cost and benefits to be derived. Grant Applications should be as brief as possible but long enough to explain the project.

2. Grant Applications will be reviewed by the Foundation's Board of Directors in June and November, when funding priorities will be established.

3. Grants will be distributed in July and December.

4. A report of the use of funds and effectiveness of the project should be submitted to the Foundation forty-five days after the funds are expended.

5. Grant applications should be sent to:

K.leinheinz Family Foundation for the Arts and Education
c/o **James K. Phillips**
301 Commerce St, Ste 1900
Fort Worth, TX 76102

Kleinheinz Family Foundation for the Arts and Education

Grant Application Outline

I. TITLE PAGE

•Name of Grantee (exactly as shown on tax-exempt letter, unless a governmental entity).
•Project Name (if different from Grantee), street address, city, state and zip code.
•Contact person, title, phone number.

II. PURPOSE OF GRANT

•Description of the community need met by the proposal.
•How many and who will be served by this project? (Be specific.)
•What outcomes are expected as a result of the project?
•The timetable or work plan for the project.
•How will the project be evaluated?
•Description of expenses for which Kleinheinz Family Foundation for the Arts and Education funds will be used.
•Exact dollar ($) amount requested from Kleinheinz Family Foundation for the Arts and Education.

ID. FINANCIAL INFORMATION

•A line item budget for the total project.
•A plan for continuing the project after the requested grant funds expire.
•What other foundations, corporations, individual donors or volunteer groups have you approached for funds?
•How will a grant from Kleinheinz Family Foundation for the Arts and Education to the project leverage additional dollars (other foundation or corporate funds, governmental funds, etc.)?

IV. BACKGROUND OF ORGANIZATION

•Brief description on the history and development of the organization.
•If the purpose of the organization has changed, why and what is different now?
•List the Board of Directors, including name and affiliation of each one.
•List all current staff. Specify who will be involved with the project.
•What specific qualifications do they bring to the project?

V. ADDITIONAL INFORMATION (must be provided):

•A copy of the Grantee Organization's tax-exempt letter from the Internal Revenue Service (or a completed copy of I.R.S. Application Form 1023) including a statement that Grantee is in continuing compliance with its tax-exempt letter, i.e., no revocations, or changes to exempt function).
•A copy of the Organization's most recent audited financial statement or Form 990.
•A copy of the Organization's current operating budget.
•Executed Statement of Potential Grantee

QUESTIONS: Call James K. Phillips at (682) 747 - 5656. Thank you for your cooperation.

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