EXTENDED TO NOVEMBER 15, 2017

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

2016

Open to Public Inspection

For calendar year 2016 or tax year beginning , and ending

Name of foundation	A Employer identification number
SCHARBAUER FOUNDATION INC.	26-2527362
Number and street (or P O box number if mail is not delivered to street address) 300 N MARIENFELD #850 / Room/suite	B Telephone number 432-683-2222
City or town, state or province, country, and ZIP or foreign postal code MIDLAND, TX 79701-4387	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: [X] 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) ▶$ 177,982,881.

J Accounting method: [X] 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))	(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 ▶ [X] if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	726,601.	726,601.		STATEMENT 1
4 Dividends and interest from securities	2,356,997.	2,356,997.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	1,093,383.			
b Gross sales price for all assets on line 6a 19,490,807.				
7 Capital gain net income (from Part IV, line 2)		1,093,383.		
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	18,599,014.	18,599,014.		STATEMENT 3
12 **Total.** Add lines 1 through 11	22,775,995.	22,775,995.		
Operating and Administrative Expenses 13 Compensation of officers, directors, trustees, etc	449,900.	337,425.		112,475.
14 Other employee salaries and wages	36,208.	27,156.		9,052.
15 Pension plans, employee benefits	78,940.	59,205.		19,735.
16a Legal fees				
b Accounting fees STMT 4	13,354.	10,016.		3,338.
c Other professional fees				
17 Interest				
18 Taxes STMT 5	28,816.	22,819.		5,997.
19 Depreciation and depletion	5,520.	5,520.		
20 Occupancy	67,191.	50,393.		16,798.
21 Travel, conferences, and meetings	20,051.	15,038.		5,013.
22 Printing and publications				
23 Other expenses STMT 6	557,333.	439,285.		118,048.
24 **Total operating and administrative expenses.** Add lines 13 through 23	1,257,313.	966,857.		290,456.
25 Contributions, gifts, grants paid	11,732,975.			11,732,975.
26 **Total expenses and disbursements.** Add lines 24 and 25	12,990,288.	966,857.		12,023,431.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	9,785,707.			
b **Net investment income** (if negative, enter -0-)		21,809,138.		
c **Adjusted net income** (if negative, enter -0-)			N/A	

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623501 11-23-16 LHA **For Paperwork Reduction Act Notice, see instructions.** Form **990-PF** (2016)

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13530731 756800 1701004 2016.04013 SCHARBAUER FOUNDATION INC. 17010041

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	883,444.	3,451,666.	3,451,790.
	2 Savings and temporary cash investments	241,344.	241,494.	241,494.
	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	73,854,664.	75,442,034.	82,851,220.
	c Investments - corporate bonds STMT 9	44,853,679.	49,334,703.	48,913,796.
	11 Investments - land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other			
	14 Land, buildings, and equipment: basis ▶ 139,441.			
	Less accumulated depreciation STMT 10 ▶ 79,664.	56,874.	59,777.	104,581.
	15 Other assets (describe ▶ STATEMENT 11)	1,926,883.	2,881,788.	42,420,000.
	16 **Total assets** (to be completed by all filers - see the instructions. Also, see page 1, item I)	121,816,888.	131,411,462.	177,982,881.
Liabilities	17 Accounts payable and accrued expenses	1,060.	2,127.	
	18 Grants payable	300,000.	11,115,000.	
	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)	301,060.	11,117,127.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	48,279,709.	48,279,709.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	73,236,119.	72,014,626.	
	30 **Total net assets or fund balances**	121,515,828.	120,294,335.	
	31 **Total liabilities and net assets/fund balances**	121,816,888.	131,411,462.	

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	121,515,828.
2	Enter amount from Part I, line 27a	2	9,785,707.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	131,301,535.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 7	5	11,007,200.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	120,294,335.

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	19,490,807.		18,397,424.	1,093,383.

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				1,093,383.

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 } — 2 — 1,093,383.

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))
2015	7,604,374.	159,617,934.	.047641
2014	8,754,930.	143,784,175.	.060889
2013	6,740,007.	131,679,904.	.051185
2012	2,192,527.	107,990,573.	.020303
2011	1,317,086.	43,717,842.	.030127

2	**Total** of line 1, column (d)	2	.210145
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	.042029
4	Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	169,963,837.
5	Multiply line 4 by line 3	5	7,143,410.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	218,091.
7	Add lines 5 and 6	7	7,361,501.
8	Enter qualifying distributions from Part XII, line 4	8	12,023,431.

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 ▶ [X] and enter 1% of Part I, line 27b			1	218,091.
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	218,091.
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	218,091.
6 Credits/Payments:				
a 2016 estimated tax payments and 2015 overpayment credited to 2016	6a	213,217.		
b Exempt foreign organizations - tax withheld at source	6b			
c Tax paid with application for extension of time to file (Form 8868)	6c	59,400.		
d Backup withholding erroneously withheld	6d			
7 Total credits and payments. Add lines 6a through 6d			7	272,617.
8 Enter any **penalty** for underpayment of estimated tax. Check here [X] 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	54,526.
11 Enter the amount of line 10 to be: **Credited to 2017 estimated tax** ▶ 54,526. **Refunded** ▶			11	0.

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 2016 or the taxable year beginning in 2016 (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 ▶ WWW.SCHARBAUERFOUNDATION.ORG

14 The books are in care of ▶ JOANN PRICE, CONTROLLER Telephone no. ▶ 432-683-2222

Located at ▶ 300 N. MARIENFELD, SUITE 850, MIDLAND, TX ZIP+4 ▶ 79701-4387

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 2016, 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)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2016?		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 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016?	☐ 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 2016 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 2016.)*	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 2016?		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)?	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 12		449,900.	48,000.	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.

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	123,603,977.
b	Average of monthly cash balances			1b	6,423,561.
c	Fair market value of all other assets			1c	42,524,581.
d	**Total** (add lines 1a, b, and c)			1d	172,552,119.
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	172,552,119.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)			4	2,588,282.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4			5	169,963,837.
6	**Minimum investment return.** Enter 5% of line 5			6	8,498,192.

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	8,498,192.
2a	Tax on investment income for 2016 from Part VI, line 5	2a	218,091.		
b	Income tax for 2016. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	218,091.
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	8,280,101.
4	Recoveries of amounts treated as qualifying distributions			4	0.
5	Add lines 3 and 4			5	8,280,101.
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	8,280,101.

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	12,023,431.
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	12,023,431.
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	218,091.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	11,805,340.

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 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				8,280,101.
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only			2,419,075.	
b Total for prior years: ______ , ______ , ______		0.		
3 Excess distributions carryover, if any, to 2016:				
a From 2011				
b From 2012				
c From 2013				
d From 2014				
e From 2015				
f **Total** of lines 3a through e	0.			
4 Qualifying distributions for 2016 from Part XII, line 4: ▶$ 12,023,431.				
a Applied to 2015, but not more than line 2a			2,419,075.	
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 2016 distributable amount				8,280,101.
e Remaining amount distributed out of corpus	1,324,255.			
5 Excess distributions carryover applied to 2016 (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	1,324,255.			
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 2015. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				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 2011 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2017.** Subtract lines 7 and 8 from line 6a	1,324,255.			
10 Analysis of line 9:				
a Excess from 2012				
b Excess from 2013				
c Excess from 2014				
d Excess from 2015				
e Excess from 2016 1,324,255.				

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 2016, 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) 2016	(b) 2015	(c) 2014	(d) 2013	(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).)

NONE

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

CLARENCE SCHARBAUER III

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

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

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

SEE STATEMENT 13

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 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				
AMERICAN RED CROSS - PERMIAN BASIN CHAPTER PO BOX 60310 MIDLAND, TX 79711	NONE	PC	VEHICLE PURCHASE	33,200.
BOY SCOUTS OF AMERICA, BUFFALO TRAIL COUNCIL 1101 W TEXAS AVE MIDLAND, TX 79701-6171	NONE	PC	GENERAL OPERATIONS; BOARD DIRECTED GRANT	5,000.
CENTERS FOR CHILDREN AND FAMILIES, INC 1004 N BIG SPRING ST., STE 325 MIDLAND, TX 797001-3370	NONE	PC	CAPITAL CAMPAIGN	400,000.
BOYS AND GIRLS CLUB OF MIDLAND, INC. 1321 S. GOODE STREET MIDLAND, TX 79701	NONE	PC	CAPITAL IMPROVEMENTS	18,100.
BYNUM SCHOOL PO BOX 80175 MIDLAND, TX 79708	NONE	PC	GENERAL OPERATING & EVERY PICTURE TELLS A STORY CAMPAIGN	1,530,000.
Total SEE CONTINUATION SHEET(S)			▶ 3a	11,732,975.
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 (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) 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			14	726,601.	
4 Dividends and interest from securities			14	2,356,997.	
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	18,599,014.	
8 Gain or (loss) from sales of assets other than inventory			18	1,093,383.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		22,775,995.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 22,775,995.

(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).
1	N/A

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: 9/11/2017 Title: EXEC VP / SEC

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
LAURA ROMAN	[signature]	8/24/17		P00358823

Firm's name ▶ WEAVER AND TIDWELL, LLP — Firm's EIN ▶ 75-0786316

Firm's address ▶ 400 W. ILLINOIS, SUITE 1550
MIDLAND, TX 79701 — Phone no. 432.683.5226

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	GS-HARRIS ASSOCIATES:DYNAMIC EQUITY		VARIOUS	12/31/16
b	GS-HARRIS ASSOCIATES:DYNAMIC EQUITY		VARIOUS	12/31/16
c	GS-SHAPIRO:DYNAMIC EQUITY		VARIOUS	12/31/16
d	GS-SHAPIRO:DYNAMIC EQUITY		VARIOUS	12/31/16
e	GS-YACKTMAN:DYNAMIC EQUITY		VARIOUS	12/31/16
f	GS-ADVISORY EQUITY		VARIOUS	12/31/16
g	GS-GANNETT WELSCH & KOTLER SC CORE		VARIOUS	12/31/16
h	GS-GANNETT WELSCH & KOTLER SC CORE		VARIOUS	12/31/16
i	GS-GOV/CORP FIXED INCOME		VARIOUS	12/31/16
j	GS-CAPITAL GROUP PCS:NON-US EQ		VARIOUS	12/31/16
k	GS-CAPITAL GROUP PCS:NON-US EQ		VARIOUS	12/31/16
l	GS-SFI CASH MANAGEMENT		VARIOUS	12/31/16
m	GS-US EQUITY BUFFERED BETA		VARIOUS	12/31/16
n	GS-INTL DEV EQ BUFFERED BETA		VARIOUS	12/31/16
o	NORTHERN TRUST 23-78714		VARIOUS	12/31/16

	(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	824,839.		1,003,218.	<178,379.>
b	933,507.		767,215.	166,292.
c	285,121.		202,889.	82,232.
d	641,803.		533,718.	108,085.
e	138,158.		97,142.	41,016.
f	1,779,322.		1,844,219.	<64,897.>
g	69,493.		68,993.	500.
h	438,454.		311,278.	127,176.
i	1,175,929.		1,173,894.	2,035.
j	333,762.		327,805.	5,957.
k	1,980,739.		2,175,411.	<194,672.>
l	250,000.		252,076.	<2,076.>
m	884,573.		830,000.	54,573.
n	1,452,085.		1,500,000.	<47,915.>
o	3,083,998.		3,038,313.	45,685.

	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				<178,379.>
b				166,292.
c				82,232.
d				108,085.
e				41,016.
f				<64,897.>
g				500.
h				127,176.
i				2,035.
j				5,957.
k				<194,672.>
l				<2,076.>
m				54,573.
n				<47,915.>
o				45,685.

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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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	NORTHERN TRUST 23-78714		VARIOUS	12/31/16
b	NORTHERN TRUST CAP GAIN		VARIOUS	12/31/16
c	VANGUARD REIT		VARIOUS	07/25/16
d	VANGUARD ST CORP BOND		VARIOUS	01/21/16
e	VANGAURD INTERMEIDATE		VARIOUS	10/19/16
f	VANGUARD INTERMEDIATE		VARIOUS	04/25/16
g	VANGUARD INTERMEDIATE		VARIOUS	12/30/16
h	RETURN OF CAPITAL		VARIOUS	12/31/16
i	VONTOBEL:NON-US EQUITY OFFSHORE LP		VARIOUS	12/31/16
j	SPRUCEGROSS:NON-US EQUITY OFFSHORE LP		VARIOUS	12/31/16
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	2,715,252.		2,631,171.	84,081.
b	337,090.			337,090.
c	10,647.		8,484.	2,163.
d	10,338.		10,450.	<112.>
e	10,892.		10,425.	467.
f	10,468.		10,251.	217.
g	157,650.		160,472.	<2,822.>
h	54,509.			54,509.
i	1,082,431.		720,000.	362,431.
j	829,747.		720,000.	109,747.
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				84,081.
b				337,090.
c				2,163.
d				<112.>
e				467.
f				217.
g				<2,822.>
h				54,509.
i				362,431.
j				109,747.
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	1,093,383.
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

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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
CITY OF MIDLAND AQUATICS, INC 3003 N A STREET MIDLAND, TX 79705-5304	NONE	PC	FMH FOUNDATION NATATORIUM CAPITAL CAMPAIGN	300,000.
CASA OF WEST TEXAS 1611 W. TEXAS MIDLAND, TX 79701	NONE	PC	OPERATIONS SUPPORT	45,000.
GREATER IDEAL FAMILY LIFE CENTER 301 S TYLER MIDLAND, TX 79701-7562	NONE	PC	TECHNOLOGY UPGRADE FOR PROGRAMS	35,000.
COMMUNITIES IN SCHOOLS OF THE PERMIAN BASIN, INC. PO BOX 10532 MIDLAND, TX 79702	NONE	PC	DROP OUT PREVENTION PROGRAM	20,000.
COMMUNITY CHILDREN'S CLINIC PO BOX 3328 MIDLAND, TX 79702-3328	NONE	PC	UPGRADING FLOORS, INSTALLING SECURITY DOOR & PROGRAM SUPPORT ($2,000 BOARD DIRECTED GRANT)	16,000.
HIGH SKY CHILDREN'S RANCH 8701 W COUNTY ROAD 60 MIDLAND, TX 79707-1307	NONE	PC	WATERLINE, LANDSCAPING AND POOL RENOVATION	80,000.
GIRL SCOUTS OF THE DESERT SOUTHWEST SOUTHERN NEW MEXICO & WEST TEXAS, INC. 9700 GIRL SCOUT WAY EL PASO, TX 79924	NONE	PC	REMODELING KITCHEN IN MIDLAND GIRL SCOUT PROGRAM CENTER	30,000.
I-20 WILDLIFE PRESERVE & JENNA WELCH NATURE STUDY CENTER PO BOX 2906 MIDLAND, TX 79702-2906	NONE	PC	OPERATIONS REORGANIZATION	65,000.
MARFA PUBLIC RADIO CORPORATION PO BOX 238 MARFA, TX 79843-0238	NONE	PC	EXPANSION OF LOCAL PROGRAMMING ON WEST TEXAS PUBLIC RADIO	35,000.
MANOR PARK, INC 2208 N LOOP 250 W MIDLAND, TX 79707-6011	NONE	PC	JOHN F YOUNGER ALZHEIMER'S CENTER REMODELING	80,000.
Total from continuation sheets				9,746,675.

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
MIDLAND CHAMBER OF COMMERCE FOUNDATION, INC. 109 N. MAIN STREET MIDLAND, TX 79701	NONE	PC	EDUCATE MIDLAND PROGRAM & OPERATIONS	250,000.
MIDLAND CHILDREN'S REHABILITATION CENTER, INC. 802 VENTURA AVE MIDLAND, TX 79705	NONE	PC	GENERAL OPERATIONS; BOARD DIRECTED GRANT	10,000.
MIDLAND COLLEGE - LEGACY SCHOLARSHIP 3600 N. GARFIELD ST. MIDLAND, TX 79705	NONE	PC	EDUCATION	150,000.
MIDLAND ISD EDUCATIONAL FOUNDATION 500 W. TEXAS, STE 250 MIDLAND, TX 79701	NONE	PC	SUPPORT FOR THE OFFICIAL 2016-17 BUDGET	5,000,000.
MARC 2701 NORTH A STREET MIDLAND, TX 79705-6611	NONE	PC	SPECTRUM OF SOLUTIONS CAPITAL CAMPAIGN	50,000.
MIDLAND COMMUNITY DEVELOPMENT CORPORATION PO BOX 11134 MIDLAND, TX 79702	NONE	PC	MIDLAND CDC HILLCREST DEVELOPMENT	125,000.
MIDLAND MEMORIAL FOUNDATION 400 ROSALIND REDFERN GROVER PARKWAY MIDLAND, TX 79701	NONE	PC	GENERAL OPERATIONS; BOARD DIRECTED GRANT	5,000.
MIDLAND FAIR HAVENS, INC 2400 WHITMIRE BLVD STE 100 MIDLAND, TX 79705	NONE	PC	CHILDCARE ASSISTANCE PROGRAM, SCHARBAUER FOUNDATION BOARD DIRECTED GIFT AND GENERAL OPERATIONS.	70,000.
MIDLAND SHARED SPACES INITIATIVE P.O. BOX 430 MIDLAND, TX 79702	NONE	PC	INFORMATION TECHNOLOGY CONVERSION PROJECT	105,300.
MIDLAND HABITAT FOR HUMANITY PO BOX 2555 MIDLAND, TX 79702	NONE	PC	CAPITAL SUPPORT FOR CLOVERDALE/TILDEN HOUSE	70,000.
Total from continuation sheets				

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
ODESSA COLLEGE FOUNDATION INCORPORATED 201 W UNIVERSITY BLVD ODESSA, TX 79764-7105	NONE	PC	GLOBE THEATRE MAINTENANCE & MODERNIZATION CAPITAL CAMPAIGN.	80,000.
PERMIAN BASIN AREA FOUNDATION 200 N LORAINE, STE 500 MIDLAND, TX 79701	NONE	PC	GENERAL OPERATING; BOARD DIRECTED GRANT	5,000.
NONPROFIT MANAGEMENT CENTER OF THE PERMIAN BASIN 3500 N. A ST, STE 2300 MIDLAND, TX 79701	NONE	PC	GENERAL SUPPORT FOR EXISTING AND NEW PROGRAMS	40,000.
RECORDING LIBRARY OF WEST TEXAS 3500 N. A ST., STE 2800 MIDLAND, TX 79705-3602	NONE	PC	TECHNOLOGY UPDATE	24,000.
THE SALVATION ARMY 300 S BAIRD MIDLAND, TX 79701	NONE	PC	THE SALVATION ARMY BUILDING HOPE REBUILDING LIVES 2016 CAPITAL CAMPAIGN.	2,000,000.
PERMIAN BASIN FELLOWSHIP OF CHRISTIAN ATHLETES 3500 N. A ST, SUITE 2600 MIDLAND, TX 79705	NONE	PC	PERMIAN BASIN FCA IMPACT AWARDS BANQUET	25,000.
SCHREINER UNIVERSITY 2100 MEMORIAL BLVD, HR DE HERRVILLE, TX 78028-5611	NONE	PC	SCHREINER UNIVERSITY CAMPUS MINISTRY & WORSHIP CENTER CAPITAL CAMPAIGN.	100,000.
SAMARITAN COUNSELING CENTER OF WEST TEXAS, INC. PO BOX 60312 MIDLAND, TX 79711	NONE	PC	GENERAL OPERATIONS	50,000.
SENIOR LINK MILDAND PO BOX 80519 MIDLAND, TX 79708-0519	NONE	PC	MIDLAND AND SOUTHEAST SENIOR CENTERS EXERCISE EQUIPMENT UPGRADE	60,000.
UNITED WAY OF MIDLAND 1209 W. WALL ST. MIDLAND, TX 79701	NONE	PC	PROGRAM & OPERATING SUPPORT, THE REASONING MIND PROJECT & ANNUAL CAMPAIGN ($13,000 BOARD DIRECTED GRANT)	167,125.
Total from continuation sheets				

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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
SHARING HANDS A RESPITE EXPERIENCE INC 3500 N. A ST, STE 2200 MIDLAND, TX 79705-3612	NONE	PC	RESPITE CARE PROGRAM SUPPORT.	25,000.
WEST TEXAS FOOD BANK PO BOX 4242 ODESSA, TX 79760	NONE	PC	OPERATIONS SUPPORT FOR NEW MIDLAND FACILITIES	350,000.
SPRINGBOARD CENTER 200 CORPORATE DR MIDLAND, TX 79705-4621	NONE	PC	FRED WESTMORELAND FITNESS CENTER	75,000.
TEEN CHALLENGE OF THE PERMIAN BASIN, INC PO BOX 251 MIDLAND, TX 79702-0251	NONE	PC	CAPITAL IMPROVEMENTS	50,000.
TEXAS EDUCATION AGENCY 1701 CONGRESS AVE AUSTIN, TX 78701	NONE	PC	TEXAS EDUCATION AGENCY STRATEGIC PLANNING SUPPORT.	100,000.
TEXAS STATE HISTORY MUSEUM FOUNDATION PO BOX 12456 AUSTIN, TX 78711-000	NONE	PC	LA BELLE SHIPWRECK RENOVATION PROJECT; BOARD DIRECTED GRANT	25,000.
WORLDVIEW ACADEMY PO BOX 2918 MIDLAND, TX 79702	NONE	PC	PROGRAM AND OPERATING SUPPORT; BOARD DIRECTED GRANT	25,000.
MISC GRANTS <$5,000 C/O SFI 300 MARIENFELD #850 MIDLAND, TX 79701	NONE	PC	TO FURTHER CHARITABLE PURPOSE	4,250.
Total from continuation sheets				

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
ACCRUED INTEREST PAID	<14,000.>	<14,000.>	
INVESTMENT ACCOUNTS	740,601.	740,601.	
TOTAL TO PART I, LINE 3	726,601.	726,601.	

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
DIVIDEND INCOME	2,356,997.	0.	2,356,997.	2,356,997.	
TO PART I, LINE 4	2,356,997.	0.	2,356,997.	2,356,997.	

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
SCHARBAUER MINERALS	18,598,791.	18,598,791.	
MISC. INVESTMENT INCOME	223.	223.	
TOTAL TO FORM 990-PF, PART I, LINE 11	18,599,014.	18,599,014.	

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	10,200.	7,650.		2,550.
ATTORNEY	3,154.	2,366.		788.
TO FORM 990-PF, PG 1, LN 16B	13,354.	10,016.		3,338.

FORM 990-PF TAXES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX WITHHELD	4,829.	4,829.		0.
PAYROLL TAXES	23,987.	17,990.		5,997.
TO FORM 990-PF, PG 1, LN 18	28,816.	22,819.		5,997.

FORM 990-PF OTHER EXPENSES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK/PAYROLL FEES	128.	96.		32.
IT/COMPUTER EXPENSES	4,992.	3,744.		1,248.
DUES	2,985.	2,239.		746.
OFFICE EXPENSES	3,510.	2,317.		1,193.
MEALS & ENTERTAINMENT	1,304.	987.		317.
BOND PREMIUM AMORTIZATION	86,361.	86,361.		0.
INVESTMENT EXPENSES	422,374.	316,781.		105,593.
INSURANCE	12,163.	9,122.		3,041.
POSTAGE	133.	100.		33.
SUBSCRIPTIONS	15,923.	11,942.		3,981.
SUPPLIES	1,478.	1,109.		369.
TELEPHONE & UTILITIES	5,350.	4,013.		1,337.
REPAIRS & MAINTENANCE	632.	474.		158.
TO FORM 990-PF, PG 1, LN 23	557,333.	439,285.		118,048.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES STATEMENT 7

DESCRIPTION	AMOUNT
EXCISE TAX ADJUSTMENT	192,200.
ACCRUAL TO CASH CONVERSION	10,815,000.
TOTAL TO FORM 990-PF, PART III, LINE 5	11,007,200.

FORM 990-PF CORPORATE STOCK STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
INVESTMENTS IN CORPORATE STOCK	75,442,034.	82,851,220.
TOTAL TO FORM 990-PF, PART II, LINE 10B	75,442,034.	82,851,220.

FORM 990-PF CORPORATE BONDS STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
INVESTMENTS IN CORPORATE BONDS	49,334,703.	48,913,796.
TOTAL TO FORM 990-PF, PART II, LINE 10C	49,334,703.	48,913,796.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 10

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
FURNITURE AND FIXTURES	568.	436.	132.
FURNITURE AND FIXTURES	4,710.	4,172.	538.
COMPUTER MONITORS	1,180.	1,180.	0.
COMPUTER TABLE	95.	95.	0.
COMPUTERS	1,620.	1,620.	0.
WRITING TABLE	150.	150.	0.
HP LASER PRINTER	395.	395.	0.
HP LASER PRINTER	1,515.	1,515.	0.
OFFICE PRINT/PICTURE	129.	129.	0.
OFFICE PRINT/PICTURE	141.	141.	0.
SCHARBAUER PORTRAIT	460.	460.	0.
BOOKCASES	2,947.	2,947.	0.
OFFICE CHAIRS	3,228.	3,228.	0.
CHEST	1,480.	1,480.	0.
COFFEE TABLE	493.	493.	0.
END TABLE	391.	391.	0.
LATERAL FILE CABINET	1,350.	1,350.	0.
SIDE TABLE	295.	295.	0.
SOFA	5,569.	5,569.	0.
REFRIGERATOR	822.	822.	0.
COMPUTER TABLE	669.	669.	0.
CONFERENCE TABLE	8,008.	8,008.	0.
CONFERENCE TABLE CHAIRS (10)	4,195.	4,195.	0.

CREDENZA (5)	11,881.	11,881.	0.
CORNER TABLE	337.	337.	0.
EXECUTIVE DESK (4)	9,961.	9,961.	0.
SIDE CHAIRS	4,690.	4,690.	0.
SOFA	2,437.	2,437.	0.
TABLE	299.	299.	0.
KEURIG COFFEE MAKER	144.	144.	0.
MICROWAVE	79.	79.	0.
GLASSES	74.	65.	9.
ALYSHEBA PRINT	45.	40.	5.
BOOKENDS	65.	59.	6.
FLOOR MAT	278.	246.	32.
G. HARVEY PAINTING	940.	0.	940.
OFFICE LAMPS	1,079.	958.	121.
PORTRAIT FRAME	272.	241.	31.
SILK OFFICE PLANTS	745.	661.	84.
TABLETOP GLASS	1,902.	1,690.	212.
FLOOR MAT	489.	435.	54.
FRAMED JOCKEY SILK	383.	340.	43.
HISTORIC SCHARBAUER PICTURES	658.	0.	658.
BOBWHITE BURST BRONZE	3,450.	0.	3,450.
HALL TABLE & MIRROR	400.	400.	0.
FRAMED TAPESTRY	50,000.	0.	50,000.
2 AOC 27" LED HD MONITORS	347.	209.	138.
HP ELITE DESKTOP COMP	1,578.	947.	631.
HP ELITE DESK 800 DESKTOP	1,578.	947.	631.
HP ELITE DESK 800 DESKTOP	1,578.	947.	631.
BOOKCASE	1,917.	1,096.	821.
LATERAL FILE CABINET	1,425.	815.	610.
TOTAL TO FM 990-PF, PART II, LN 14	139,441.	79,664.	59,777.

FORM 990-PF OTHER ASSETS STATEMENT 11

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
SCHARBAUER MINERALS LP	1,926,883.	2,881,788.	42,420,000.
TO FORM 990-PF, PART II, LINE 15	1,926,883.	2,881,788.	42,420,000.

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS TRUSTEES AND FOUNDATION MANAGERS STATEMENT 12

NAME AND ADDRESS	TITLE AND AVRG HRS/WK	COMPEN- SATION	EMPLOYEE BEN PLAN CONTRIB	EXPENSE ACCOUNT
CLARENCE SCHARBAUER III 1811 HERITAGE BLVD #100 MIDLAND, TX 79707	PRESIDENT 0.00	0.	0.	0.
JAMES M ALSUP 300 N MARIENFELD #700 MIDLAND, TX 79701	VICE PRESIDENT 0.00	0.	0.	0.
ALLEN MCGUIRE PO BOX 2111 MIDLAND, TX 79702-2111	VP/TREAS 0.00	0.	0.	0.
GRANT BILLINGSLEY 901 PINE CT MIDLAND, TX 79705	EXEC VP/SEC 40.00	295,900.	24,000.	0.
TIM LEACH 300 N MARIENFELD #850 MIDLAND, TX 79705	DIRECTOR 0.00	0.	0.	0.
CINDY BLACK 300 N MARIENFELD #850 MIDLAND, TX 79705	DIRECTOR 0.00	0.	0.	0.
CYNTHIA Y. BENSON 2407 DARTMOUTH MIDLAND, TX 79705	ASST SEC/ASST TREAS 40.00	154,000.	24,000.	0.
TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII		449,900.	48,000.	0.

FORM 990-PF GRANT APPLICATION SUBMISSION INFORMATION STATEMENT 13
PART XV, LINES 2A THROUGH 2D

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

SCHARBAUER FOUNDATION INC
300 N MARIENFELD ST STE 850
MIDLAND, TX 79701-4387

TELEPHONE NUMBER

432-683-2222

FORM AND CONTENT OF APPLICATIONS

ORGANIZATIONS REQUESTING FUNDING FILL OUT AND SUBMIT AN ONLINE PRE-APPLICATION THROUGH THE FOUNDATIONS WEBSITE AT WWW.SCHARBAUERFOUNDATION.ORG BY DUE DATES LISTED ON THE HOME PAGE. THE FOUNDATION WILL INVITE SELECTED PRE-APPLICANTS TO SUBMIT AN ONLINE FULL GRANT REQUEST. INSTRUCTIONS AND ATTACHMENTS ARE INCLUDED IN THE ONLINE REQUEST PROCESS.

ANY SUBMISSION DEADLINES

SPRING AND FALL CYCLE; DATES CHANGE EACH YEAR AND ARE POSTED ON THE ORGANIZATION'S WEBSITE

RESTRICTIONS AND LIMITATIONS ON AWARDS

GENERALLY LIMITED TO TEXAS

2016 DEPRECIATION AND AMORTIZATION REPORT

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Asset No	Description	Date Acquired	Method	Life	C o n v	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
	FURNITURE & FIXTURES														
1	FURNITURE AND FIXTURES	06/30/11	200DB	7.00	HY	17	568.				568.	385.		51.	436.
2	FURNITURE AND FIXTURES	06/30/11	200DB	5.00	HY	17	4,710.				4,710.	3,901.		271.	4,172.
4	COMPUTER TABLE	06/27/11	200DB	7.00	HY	17	95.		95.					0.	
6	WRITING TABLE	06/27/11	200DB	7.00	HY	17	150.		150.					0.	
9	OFFICE PRINT/PICTURE	09/13/11	200DB	7.00	HY	17	129.		129.					0.	
10	OFFICE PRINT/PICTURE	09/13/11	200DB	7.00	HY	17	141.		141.					0.	
11	SCHARBAUER PORTRAIT	11/18/11		.000	HY	16	460.		460.					0.	
12	BOOKCASES	12/12/11	200DB	7.00	HY	17	2,947.		2,947.					0.	
13	OFFICE CHAIRS	12/12/11	200DB	7.00	HY	17	3,228.		3,228.					0.	
14	CHEST	12/12/11	200DB	7.00	HY	17	1,480.		1,480.					0.	
15	COFFEE TABLE	12/12/11	200DB	7.00	HY	17	493.		493.					0.	
21	END TABLE	12/12/11	200DB	7.00	HY	17	391.		391.					0.	
23	LATERAL FILE CABINET	12/12/11	200DB	7.00	HY	17	1,350.		1,350.					0.	
25	SIDE TABLE	12/12/11	200DB	7.00	HY	17	295.		295.					0.	
27	SOFA	12/12/11	200DB	7.00	HY	17	5,569.		5,569.					0.	
29	REFRIGERATOR	12/20/11	200DB	5.00	HY	17	822.		822.					0.	
31	COMPUTER TABLE	12/12/11	200DB	7.00	HY	17	669.		669.					0.	

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(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

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Asset No	Description	Date Acquired	Method	Life	C o n v	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
32	CONFERENCE TABLE	12/12/11	200DB	7.00	HY	17	8,008.		8,008.					0.	
33	CONFERENCE TABLE CHAIRS (10)	12/11/11	200DB	7.00	HY	17	4,195.		4,195.					0.	
34	CREDENZA (5)	12/12/11	200DB	7.00	HY	17	11,881.		11,881.					0.	
35	CORNER TABLE	12/12/11	200DB	7.00	HY	17	337.		337.					0.	
36	EXECUTIVE DESK (4)	12/12/11	200DB	7.00	HY	17	9,961.		9,961.					0.	
37	SIDE CHAIRS	12/12/11	200DB	7.00	HY	17	4,690.		4,690.					0.	
38	SOFA	12/12/11	200DB	7.00	HY	17	2,437.		2,437.					0.	
39	TABLE	12/12/11	200DB	7.00	HY	17	299.		299.					0.	
40	KEURIG COFFEE MAKER	12/23/11	200DB	5.00	HY	17	144.		144.					0.	
41	MICROWAVE	12/23/11	200DB	5.00	HY	17	79.		79.					0.	
42	GLASSES	01/02/12	200DB	7.00	HY	17	74.			37.	37.	25.		3.	28.
43	ALYSHEBA PRINT	02/21/12	200DB	7.00	HY	17	45.			23.	22.	15.		2.	17.
44	BOOKENDS	02/21/12	200DB	7.00	HY	17	65.			33.	32.	23.		3.	26.
45	FLOOR MAT	02/21/12	200DB	7.00	HY	17	278.			139.	139.	95.		12.	107.
46	G. HARVEY PAINTING	02/21/12		.000	HY	16	940.				940.			0.	
47	OFFICE LAMPS	02/21/12	200DB	7.00	HY	17	1,079.			540.	539.	370.		48.	418.
48	PORTRAIT FRAME	02/21/12	200DB	7.00	HY	17	272.			136.	136.	93.		12.	105.
49	SILK OFFICE PLANTS	02/21/12	200DB	7.00	HY	17	745.			373.	372.	255.		33.	288.

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(D) Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

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Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
50	TABLETOP GLASS	02/21/12	200DB	7.00	HY	17	1,902.			951.	951.	654.		85.	739.
51	FLOOR MAT	03/30/12	200DB	7.00	HY	17	489.			245.	244.	168.		22.	190.
52	FRAMED JOCKEY SILK	04/04/12	200DB	7.00	HY	17	383.			192.	191.	131.		17.	148.
53	HISTORIC SCHARBAUER PICTURES	06/01/12	NC	.000	HY		658.				658.			0.	
64	BOBWHITE BURST BRONZE	12/31/14	NC	.000	HY		3,450.				3,450.			0.	
65	HALL TABLE & MIRROR	12/31/14	200DB	7.00	HY	17	400.		400.					0.	
66	FRAMED TAPESTRY	12/31/14	NC	.000	HY		50,000.				50,000.			0.	
77	2 AOC 27" LED HD MONITORS	06/16/16	200DB	5.00	HY	19B	347.			174.	173.			209.	35.
78	HP ELITE DESKTOP COMP	07/12/16	200DB	5.00	HY	19B	1,578.			789.	789.			947.	158.
79	HP ELITE DESK 800 DESKTOP	07/12/16	200DB	5.00	HY	19B	1,578.			789.	789.			947.	158.
80	HP ELITE DESK 800 DESKTOP	07/12/16	200DB	5.00	HY	19B	1,578.			789.	789.			947.	158.
81	BOOKCASE	07/13/16	200DB	7.00	HY	19C	1,917.			959.	958.			1,096.	137.
82	LATERAL FILE CABINET	07/13/16	200DB	7.00	HY	19C	1,425.			713.	712.			815.	102.
	* 990-PF PG 1 TOTAL FURNITURE & FIXTURES						134,731.		60,650.	6,882.	67,199.	6,115.		5,520.	7,422.
	MACHINERY & EQUIPMENT														
3	COMPUTER MONITORS	06/27/11	200DB	5.00	HY	17	1,180.		1,180.					0.	
5	COMPUTERS	06/27/11	200DB	5.00	HY	17	1,620.		1,620.					0.	
7	HP LASER PRINTER	08/22/11	200DB	5.00	HY	17	395.		395.					0.	

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(D) Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

2016 DEPRECIATION AND AMORTIZATION REPORT

FORM 990-PF PAGE 1 990-PF

Asset No	Description	Date Acquired	Method	Life	C o n v	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
8	HP LASER PRINTER	08/22/11	200DB	5.00	HY	17	1,515.		1,515.					0.	
	* 990-PF PG 1 TOTAL MACHINERY & EQUIPMENT						4,710.		4,710.		0.	0.		0.	0.
	* GRAND TOTAL 990-PF PG 1 DEPR						139,441.		65,360.	6,882.	67,199.	6,115.		5,520.	7,422.
	CURRENT YEAR ACTIVITY														
	BEGINNING BALANCE						131,018.			2,669.	62,989.	6,115.			6,674.
	ACQUISITIONS						8,423.			4,213.	4,210.	0.			748.
	DISPOSITIONS						0.			0.	0.	0.			0.
	ENDING BALANCE						139,441.			6,882.	67,199.	6,115.			7,422.
	ENDING ACCUM DEPR											79,664.			
	ENDING BOOK VALUE											59,777.			

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(D) Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone