

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 instructions is at www.irs.gov/form990pf.

2016

Open to Public
Inspection

For calendar year 2016, or tax year beginning 01-01-2016, and ending 12-31-2016

<p>Name of foundation SEVEN CITIES FOUNDATION</p> <p>Number and street (or P O box number if mail is not delivered to street address) 314 S 11TH STREET</p> <p>City or town, state or province, country, and ZIP or foreign postal code MCALLEN, TX 78501</p> <p>G Check all that apply <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change</p> <p>H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation</p> <p>I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ 2,876,597</p>		<p>A Employer identification number 32-0181077</p> <p>B Telephone number (see instructions) (956) 688-5757</p> <p>C If exemption application is pending, check here ► <input type="checkbox"/></p> <p>D 1. Foreign organizations, check here ► <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation ► <input type="checkbox"/></p> <p>E If private foundation status was terminated under section 507(b)(1)(A), check here ► <input type="checkbox"/></p> <p>F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► <input type="checkbox"/></p>	
		<p>J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____</p> <p>(Part I, column (d) must be on cash basis)</p>	
<p>Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))</p>		<p>(a) Revenue and expenses per books</p> <p>(b) Net investment income</p> <p>(c) Adjusted net income</p> <p>(d) Disbursements for charitable purposes (cash basis only)</p>	
<p>Revenue</p> <p>1 Contributions, gifts, grants, etc, received (attach schedule)</p> <p>2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B</p> <p>3 Interest on savings and temporary cash investments 2,991 2,991</p> <p>4 Dividends and interest from securities 47,806 47,806</p> <p>5a Gross rents</p> <p>b Net rental income or (loss)</p> <p>6a Net gain or (loss) from sale of assets not on line 10 32,870</p> <p>b Gross sales price for all assets on line 6a 351,000</p> <p>7 Capital gain net income (from Part IV, line 2) 0</p> <p>8 Net short-term capital gain</p> <p>9 Income modifications</p> <p>10a Gross sales less returns and allowances</p> <p>b Less Cost of goods sold</p> <p>c Gross profit or (loss) (attach schedule)</p> <p>11 Other income (attach schedule)</p> <p>12 Total. Add lines 1 through 11 83,667 50,797</p>			
<p>Operating and Administrative Expenses</p> <p>13 Compensation of officers, directors, trustees, etc</p> <p>14 Other employee salaries and wages</p> <p>15 Pension plans, employee benefits</p> <p>16a Legal fees (attach schedule)</p> <p>b Accounting fees (attach schedule) 1,500 1,500</p> <p>c Other professional fees (attach schedule)</p> <p>17 Interest</p> <p>18 Taxes (attach schedule) (see instructions) 3,420 2,957</p> <p>19 Depreciation (attach schedule) and depletion</p> <p>20 Occupancy</p> <p>21 Travel, conferences, and meetings</p> <p>22 Printing and publications 30 30 30</p> <p>23 Other expenses (attach schedule) 60 60</p> <p>24 Total operating and administrative expenses. Add lines 13 through 23 5,010 4,547 30</p> <p>25 Contributions, gifts, grants paid 199,500 199,500</p> <p>26 Total expenses and disbursements. Add lines 24 and 25 204,510 4,547 199,530</p> <p>27 Subtract line 26 from line 12</p> <p>a Excess of revenue over expenses and disbursements -120,843</p> <p>b Net investment income (if negative, enter -0-) 46,250</p> <p>c Adjusted net income (if negative, enter -0-) 4,547</p>			

Assets	Part II Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
1	Cash—non-interest-bearing	293,373	338,165	338,165
2	Savings and temporary cash investments	2,048,654	763,032	763,032
3	Accounts receivable ►			
	Less allowance for doubtful accounts ►			
4	Pledges receivable ►			
	Less allowance for doubtful accounts ►			
5	Grants receivable			
6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
7	Other notes and loans receivable (attach schedule) ► 971,488	429,724	971,488	971,488
	Less allowance for doubtful accounts ►			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10a	Investments—U S and state government obligations (attach schedule)			
b	Investments—corporate stock (attach schedule)			886,102
c	Investments—corporate bonds (attach schedule)			802,910
11	Investments—land, buildings, and equipment basis ►			
	Less accumulated depreciation (attach schedule) ►	318,130		
12	Investments—mortgage loans			
13	Investments—other (attach schedule)			
14	Land, buildings, and equipment basis ►			
	Less accumulated depreciation (attach schedule) ►			
15	Other assets (describe ►)	1,065	1,002	1,002
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	3,090,946	2,959,789	2,876,597
Liabilities				
17	Accounts payable and accrued expenses			
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, and other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe ►)	0	0	0
23	Total liabilities (add lines 17 through 22)			0
Net Assets or Fund Balances				
	Foundations that follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 27 through 31.			
27	Capital stock, trust principal, or current funds	3,090,946	2,959,789	
28	Paid-in or capital surplus, or land, bldg , and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds			
30	Total net assets or fund balances (see instructions)	3,090,946	2,959,789	
31	Total liabilities and net assets/fund balances (see instructions)	3,090,946	2,959,789	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,090,946
2	Enter amount from Part I, line 27a	2	-120,843
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	2,970,103
5	Decreases not included in line 2 (itemize) ►	5	10,314
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	2,959,789

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)			(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1 a FIDELITY SHORT TERM CAPITAL GAINS			P	2016-05-13	2016-12-01
b					
c					
d					
e					
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)		
a 100,610	0	109,378	-8,768		
b					
c					
d					
e					
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 0	0	0	-8,768		
b					
c					
d					
e					
2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7		2	-8,768	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	-8,768	

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 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	196,050	3,234,301	0 060616
2014	181,181	3,309,417	0 054747
2013	223,163	3,358,201	0 066453
2012	146,603	3,043,304	0 048172
2011	136,774	2,940,561	0 046513
2 Total of line 1, column (d)			2 0 276501
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years			3 0 055300
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5			4 3,525,771
5 Multiply line 4 by line 3			5 194,975
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 463
7 Add lines 5 and 6			7 195,438
8 Enter qualifying distributions from Part XIII, line 4			8 199,530

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 ► <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)	1	463
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b		
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	463
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	
5	Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-	5	463
6	Credits/Payments		
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	1,465
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d.	7	1,465
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,002
11	Enter the amount of line 10 to be Credited to 2017 estimated tax ►	11	1,002
			Refunded ►

Part VII-A Statements Regarding Activities

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	Yes	No
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for definition)?	1b	Yes	No
	<i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>			
c	Did the foundation file Form 1120-POL for this year?	1c	Yes	No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year			
(1)	On the foundation ► \$ _____	(2)	On foundation managers ► \$ _____	
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ _____			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	2	Yes	No
	<i>If "Yes," attach a detailed description of the activities</i>			
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? <i>If "Yes," attach a conformed copy of the changes</i>	3	Yes	No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	Yes	No
b	If "Yes," has it filed a tax return on Form 990-T for this year?	4b	Yes	No
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5	Yes	No
	<i>If "Yes," attach the statement required by General Instruction T</i>			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either <ul style="list-style-type: none"> 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	Yes	
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col (c), and Part XV</i>	7	Yes	
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? <i>If "No," attach explanation</i>	8b	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	9	Yes	No
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	10	Yes	No

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11	No
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12	No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ►N/A	13	Yes
14	The books are in care of ►CHARLES E THOMPSON JR	Telephone no	►(956) 688-5757
Located at ►314 S 11TH STREET McALLEN TX		ZIP+4 ►785012822	
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	<input type="checkbox"/>
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? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) If "Yes", enter the name of the foreign country ►	16	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

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

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.		Yes	No
1a	During the year did the foundation (either directly or indirectly)		
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
	(6) Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days).	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? Organizations relying on a current notice regarding disaster assistance check here.	1b	<input type="checkbox"/>
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	No
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016? If "Yes," list the years ► 20____, 20____, 20____, 20____	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions) ►	2b	<input type="checkbox"/>
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► 20____, 20____, 20____, 20____		
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 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).	3b	<input type="checkbox"/>
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2016?	4b	No

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))? (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? (3) Provide a grant to an individual for travel, study, or other similar purposes? (4) Provide a grant to an organization other than a charitable, etc , organization described in section 4945(d)(4)(A)? (see instructions). (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5b
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)? Organizations relying on a current notice regarding disaster assistance check here. ► <input type="checkbox"/>		
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? <i>If "Yes," attach the statement required by Regulations section 53.4945-5(d)</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	6b
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <i>If "Yes" to 6b, file Form 8870</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	7b
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?		

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

Page 1 of 1

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, (e) other allowances
CHARLES E THOMPSON JR 314 S 11TH ST McALLEN, TX 78501	PRESIDENT 5 00	0	0	0
JONATHAN BEVIL 314 S 11TH ST McALLEN, TX 78501	VICE PRESIDENT 1 00	0	0	0
MARLA LUCE 314 S 11TH ST McALLEN, TX 78501	SECRETARY 1 00	0	0	0

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

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

Part VIII **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**
3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
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 NONE		0
2		0
3		0
4		0

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2		Amount
1		
2		
All other program-related investments. See 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	574,859
b	Average of monthly cash balances.	1b	2,033,116
c	Fair market value of all other assets (see instructions).	1c	971,488
d	Total (add lines 1a, b, and c).	1d	3,579,463
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation).	1e	
2	Acquisition indebtedness applicable to line 1 assets.	2	
3	Subtract line 2 from line 1d.	3	3,579,463
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	53,692
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,525,771
6	Minimum investment return. Enter 5% of line 5.	6	176,289

Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign

Part XI organizations check here ► and do not complete this part)

1	Minimum investment return from Part X, line 6.	1	176,289
2a	Tax on investment income for 2016 from Part VI, line 5.	2a	463
b	Income tax for 2016 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	463
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	175,826
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	175,826
6	Deduction from distributable amount (see instructions).	6	
7	Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1.	7	175,826

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	199,530
b	Program-related investments—total from Part IX-B.	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	
b	Cash distribution test (attach the required schedule).	3b	
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	199,530
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions).	5	463
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	199,067
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				175,826
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only.			35,430	
b Total for prior years 20____, 20____, 20____				
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.				
4 Qualifying distributions for 2016 from Part XII, line 4 ► \$ 199,530				
a Applied to 2015, but not more than line 2a			35,430	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2016 distributable amount.				164,100
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount—see instructions				
e Undistributed income for 2015 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2016 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2017.				11,726
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)				
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a.				
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.				

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

1a	If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2016, enter the date of the ruling. ►			
b	Check box to indicate whether the organization is a private operating foundation described in section <input type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 4942(j)(5)			
2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed.			
b	85% of line 2a.			
c	Qualifying distributions from Part XII, line 4 for each year listed.			
d	Amounts included in line 2c not used directly for active conduct of exempt activities.			
e	Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c.			
3	Complete 3a, b, or c for the alternative test relied upon			
a	"Assets" alternative test—enter			
(1)	Value of all assets.			
(2)	Value of assets qualifying under section 4942(j)(3)(B)(i).			
b	"Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.			
c	"Support" alternative test—enter			
(1)	Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties).			
(2)	Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).			
(3)	Largest amount of support from an exempt organization			
(4)	Gross investment income			

Part XV Supplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see instructions.)**1 Information Regarding Foundation Managers:**

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

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

CHARLES E THOMPSON JR
314 S 11TH STREET
McALLEN, TX 78501
(956) 688-5757

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

c Any submission deadlines

NONE

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

NONE

Part XV Supplementary Information (continued)

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

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
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	2,991	
4 Dividends and interest from securities.			14	47,806	
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.					
8 Gain or (loss) from sales of assets other than inventory			18	32,870	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a PARTNERSHIP INCOME			14	-1,548	
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e).				82,119	
13 Total Add line 12, columns (b), (d), and (e).					82,119

(See worksheet in line 13 instructions to verify calculations)

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
EPISCOPAL DIOCESE OF WEST TEXAS P O BOX 6685 SAN ANTONIO, TX 78209		PUBLIC CHARITY	GOOD SAM RGV&SANE BBI,MISSIONS	10,000
EPISCOPAL DIOCES OF WEST TEXAS P O BOX 6685 SAN ANTONIO, TX 78209		PUBLIC CHARITY	CLERGY STUDENTS BISHOP'S FUND FOR AT TMI	6,000
ALZHEIMER'S ASSOCIATION P O BOX 261288 CORPUS CHRISTI, TX 78426		PUBLIC CHARITY	CHARITABLE	3,000
AMERICAN HEART ASSOCIATION 1101 NORTHCHASE PARKWAY SUITE 1 MARIETTA, GA 300676411		PUBLIC CHARITY	CHARITABLE	4,000
AMERICAN CANCER SOCIETY 5413 S MCCOLL ROAD EDINBURG, TX 78539		PUBLIC CHARITY	CHARITABLE	3,000
Total			►	199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
AURORA HOUSE 2646 W 18TH ST WESLACO, TX 78599		PUBLIC CHARITY	CHARITABLE	3,500
BOYS & GIRLS CLUB OF MCALLEN PO BOX 577 MCALLEN, TX 785070577		PUBLIC CHARITY	CHARITABLE	3,000
CHRIST EPISCOPAL CHURCH 502 EAST STARR NACOGDOCHES, TX 75961		PUBLIC CHARITY	CHARITABLE	2,000
CAMP HOPE PO BOX 690748 HOUSTON, TX 77269		PUBLIC CHARITY	CHARITABLE	5,000
EASTER SEAL OF THE RGV PO BOX 489 MCALLEN, TX 785050489		PUBLIC CHARITY	CHARITABLE	2,000
Total				199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
FIRST UNITED METHODIST CHURCH PO BOX 275 EDCOUCH, TX 785380275		PUBLIC CHARITY	CHARITABLE	2,000
FIRST UNITED METHODIST CHURCH 3707 W UNIVERSITY EDINBURG, TX 78541		PUBLIC CHARITY	CHARITABLE	2,000
FOOD BANK OF RGV PO BOX 6251 MCALLEN, TX 78502		PUBLIC CHARITY	CHARITABLE	1,000
UT AUSTIN FRIENDS WITH ALEC 301 E Dean Keeton St C2104 Austin, TX 787121180		PUBLIC CHARITY	CHARITABLE	6,000
GIRL SCOUTS OF GREATER SOUTH TEXAS 202 E MADISON AVE HARLINGEN, TX 78550		PUBLIC CHARITY	CHARITABLE	2,000
Total				199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
INT'L MUSUEM OF ART & SCIENCE 1900 NOLANA MCALLEN, TX 78504		PUBLIC CHARITY	CHARITABLE	2,000
HORIZON COMMUNITIES CORP 405 EL CAMINO REAL 106 MENLO PARK, CA 94025		PUBLIC CHARITY	CHARITABLE	10,000
KVMV POBOX 3333 MCALLEN, TX 78502		PUBLIC CHARITY	CHARITABLE	2,000
LOGHILL MESA FIRE PROTECTION DISTRIC PO BOX 747 RIDGWAY, CO 814020747		PUBLIC CHARITY	CHARITABLE	1,000
MUSEUM OF SOUTH TEXAS HISTORY HERITAGE ASSN 200 N CLOSNER BLVD MCALLEN, TX 78541		PUBLIC CHARITY	CHARITABLE	2,000
Total ►				199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
NATCHEZ CHILDREN HOME SERVICES 806 N UNION ST NATCHEZ, MS 39120		PUBLIC CHARITY	CHARITABLE	4,000
PALMER DRUG ABUSE PROGRAM 115 N 9TH MCALLEN, TX 78501		PUBLIC CHARITY	CHARITABLE	3,000
PINEY WOODS SCHOOL PO BOX 57 PINEY WOODS, MS 391489989		PUBLIC CHARITY	CHARITABLE	2,000
RED ARENA 1601 BELL SPRINGS RED DРИPPING SPRINGS, TX 78620		PUBLIC CHARITY	CHARITABLE	5,000
RICE UNIVERSITY PO BOX 1892 HOUSTON, TX 772511892		PUBLIC CHARITY	CHARITABLE	5,000
Total			►	199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
RIO GRANDE CHILDREN'S HOME 3780 N BENTSEN PALM DRIVE MISSION, TX 785748207		PUBLIC CHARITY	CHARITABLE	2,000
SPECIAL OLYMPICS 2708 D E GRIFFIN PARKWAY MISSION, TX 78572		PUBLIC CHARITY	CHARITABLE	2,000
ST JOHN'S DAY SCHOOL 2500N TENTH ST MCALLEN, TX 78501		PUBLIC CHARITY	CHARITABLE	2,000
ST JOHN'S EPIS CHURCH FOUNDATION INC 2500 NORTH TENTH ST MCALLEN, TX 78501		PUBLIC CHARITY	CHARITABLE	2,000
ST MATTEW BAPTIST CHURCH HWY 33 SOUTH GARDEN CITY, MS 785748207		PUBLIC CHARITY	CHARITABLE	3,000
Total			►	199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
SALVATION ARMY POST OFFICE BOX 4766 MCALLEN, TX 785024766		PUBLIC CHARITY	CHARITABLE	3,000
SPRINGHILL BAPTIST CHURCH 430 FREEWOODS RD SW KNOXVILLE, MS 39661		PUBLIC CHARITY	CHARITABLE	3,000
TEAM JACK FOUNDATION PO BOX 975 BEEMER, NE 68716		PUBLIC CHARITY	CHARITABLE	10,000
THE INDEPENDENCE FUND 9013 PERIMETER DRIVE CHARLOTTE, NC 28216		PUBLIC CHARITY	CHARITABLE	3,000
MERCURY ONE - THE NAZARENCE FUND P O BOX 140489 IRVING, TX 75039		PUBLIC CHARITY	CHARITABLE	3,000
Total				199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
TEXAS MILITARY INSTITUTE 20955 TEJAS TRAIL WEST SAN ANTONIO, TX 78257		PUBLIC CHARITY	CHARITABEL	5,000
THE COMING KING FOUNDATION PO BOX 290555 KERRVILLE, TX 780290555		PUBLIC CHARITY	CHARITABLE	3,000
TRIPLE H EQUITHERAPY CENTER 791 BACKHAUS RD PIPE CREEK, TX 78063		PUBLIC CHARITY	CHARITABLE	5,000
TROOPS DIRECT 2400 CAMINO RAMON SUITE 105 SAN RAMON, CA 94583		PUBLIC CHARITY	CHARITABLE	4,000
UNITED WAY OF SOUTH TEXAS PO BOX 187 MCALLEN, TX 785050187		PUBLIC CHARITY	CHARITABLE	4,000
Total			►	199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
UT FOUNDATION CHANCELLOR'S COUNCIL 210 W 6TH STREET SUITE 1200 AUSTIN, TX 787019907		PUBLIC CHARITY	CHARITABLE	2,000
UT FOUNDATION COCKRELL SCHOOL OF ENGINEERING FRIENDS OF ALEC PO BOX 7727 AUSTIN, TX 787079907		PUBLIC CHARITY	CHARITABLE	2,000
VALLEY SYMPHONY ORCHESTRA PO BOX 2832 MCALLEN, TX 785022832		PUBLIC CHARITY	CHARITABLE	4,000
VANNIE E COOK JR CANCER FOUNDATION 101 W EXPRESSWAY 83 MCALLEN, TX 78503		PUBLIC CHARITY	CHARITABLE	2,000
ZETA TAU ALPHA FOUNDATION 321 W TULIP AVENUE MCALLEN, TX 78504		PUBLIC CHARITY	CHARITABLE	2,000
Total ►				199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
CAMP UNIVERSITY PO BOX 2294 MCALLEN, TX 78502		PUBLIC CHARITY	CHARITABLE	3,000
CATHDRAL SCHOOL OF NATCHEZ 701 N DR MARTIN LUTHER KING JR ST NATCHEZ, MI 39120		PUBLIC CHARITY	CHARITABLE	6,000
MUJERES UNIDAS 511 N CYNTHIA ST MCALLEN, TX 78501		PUBLIC CHARITY	CHARITABLE	1,000
OPERATION SMILE 3641 FACULTY BOULEVARD VIRGINIA BEACH, VI 23453		PUBLIC CHARITY	CHARITABLE	4,750
PREGNANCY RESOURRCE CENTERS OF THE RGV 216 EAST TOM LANDRY STREET MISSION, TX 78572		PUBLIC CHARITY	CHARITABLE	4,750
Total				199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
THE FIRST IMPRESSION AND MORE 403 N MAIN MCALLEN, TX 78501		PUBLIC CHARITY	CHARITABLE	1,000
WARRIOR CANINE CONNECTION 14934 SCHAFER RD BOYDS, MD 20841		PUBLIC CHARITY	CHARITABLE	3,000
WOUNDER WARRIOR PROJECT 2200 SPACE PARK DRIVE SUITE 100 HOUSTON, TX 77058		PUBLIC CHARITY	CHARITABLE	2,500
WREATHS ACROSS AMERICA 4 POINT STREET COLUMBIA FALLS, ME 046230249		PUBLIC CHARITY	CHARITABLE	1,000
UPBRING 8305 CROSS PARK DR AUSTIN, TX 78754		PUBLIC CHARITY	CHARITABLE	13,000
Total			►	199,500
3a				

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<i>a Paid during the year</i>				
COMFORT HOUSE 617 W DALLAS AVE MCALLEN, TX 78505		PUBLIC CHARITY	CHARITABLE	3,000
Total			►	199,500
3a				

TY 2016 All Other Program Related Investments Schedule

Name: SEVEN CITIES FOUNDATION

EIN: 32-0181077

Category	Amount
NONE	

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2016 Gain/Loss from Sale of Other Assets Schedule

Name: SEVEN CITIES FOUNDATION

EIN: 32-0181077

Name	Date Acquired	How Acquired	Date Sold	Purchaser Name	Gross Sales Price	Basis	Basis Method	Sales Expenses	Total (net)	Accumulated Depreciation
KERRIA LOTS	2015-04	Purchased	2016-09	KATHLEEN MOSCHEL	351,000	318,130	Cost		32,870	

TY 2016 Other Assets Schedule

Name: SEVEN CITIES FOUNDATION**EIN:** 32-0181077

Other Assets Schedule

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
PRE-PAID EXCISE TAX	1,065	1,002	1,002

TY 2016 Other Assets Schedule

Name: SEVEN CITIES FOUNDATION**EIN:** 32-0181077

Other Assets Schedule

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
PRE-PAID EXCISE TAX	1,065	1,002	1,002

TY 2016 Other Assets Schedule

Name: SEVEN CITIES FOUNDATION**EIN:** 32-0181077

Other Assets Schedule

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
PRE-PAID EXCISE TAX	1,065	1,002	1,002

TY 2016 Other Decreases Schedule

Name: SEVEN CITIES FOUNDATION

EIN: 32-0181077

Description	Amount
CAPITAL GAIN LOSS & PARTNERSHIP LOSS	10,314

TY 2016 Other Expenses Schedule

Name: SEVEN CITIES FOUNDATION
EIN: 32-0181077

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
BANK CHARGES	60	60		

TY 2016 Other Liabilities Schedule

Name: SEVEN CITIES FOUNDATION**EIN:** 32-0181077

Description	Beginning of Year - Book Value	End of Year - Book Value
EXCISE TAX PAYABLE		

TY 2016 Other Liabilities Schedule

Name: SEVEN CITIES FOUNDATION**EIN:** 32-0181077

Description	Beginning of Year - Book Value	End of Year - Book Value
EXCISE TAX PAYABLE		

TY 2016 Other Notes/Loans Receivable Short Schedule

Name: SEVEN CITIES FOUNDATION

EIN: 32-0181077

Name of 501(c)(3) Organization	Balance Due
PE FUNDING LLC	971,488

TY 2016 Taxes Schedule

Name: SEVEN CITIES FOUNDATION**EIN:** 32-0181077

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FEDERAL EXCISE TAX	463			
PROPERTY TAX	1,141	1,141		
FORM 1099 TIMING ADJ	1,816	1,816		