

Form **990-PF**

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

OMB No 1545-0052

2017

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

- Do not enter social security numbers on this form as it may be made public.
- Go to www.irs.gov/Form990PF for instructions and the latest information.

For calendar year 2017 or tax year beginning , and ending

Name of foundation THE FREES FOUNDATION			A Employer identification number 76-0053200	
Number and street (or P O box number if mail is not delivered to street address) 1770 ST JAMES PLACE		Room/suite 616	B Telephone number (see instructions) 713-623-0515	
City or town, state or province, country, and ZIP or foreign postal code HOUSTON TX 77056-3500				
Foreign country name		Foreign province/state/county	Foreign postal code	
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		
H Check type of organization				
<input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		<input type="checkbox"/> Other taxable private foundation		
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust				
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 8,622,875 (Part I, column (d) must be on cash basis)				
J Accounting method		<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual		
		<input type="checkbox"/> Other (specify) _____		
F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>				

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	261	261		
	4 Dividends and interest from securities	258,613	123,380		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	88,147			
	b Gross sales price for all assets on line 6a	1,504,947			
	7 Capital gain net income (from Part IV, line 2)		88,147		
	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) (attach schedule)					
11 Other income (attach schedule)	4	4			
12 Total. Add lines 1 through 11	347,025	211,792	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	135,417	6,771		128,646
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits	16,100	806		15,294
	16a Legal fees (attach schedule)	1,265			1,265
	b Accounting fees (attach schedule)	5,025	4,774		251
	c Other professional fees (attach schedule)	52,550	52,550		
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	1,415			
	19 Depreciation (attach schedule) (and depletion)	1,626	1,626		
	20 Occupancy	32,127	3,213		28,914
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	23,607	570		23,037
	24 Total operating and administrative expenses. Add lines 13 through 23	269,132	70,310	0	197,407
	25 Contributions, gifts, grants paid	1,988,409			1,988,409
26 Total expenses and disbursements. Add lines 24 and 25	2,257,541	70,310	0	2,185,816	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-1,910,516				
b Net investment income (if negative, enter -0-)		141,482			
c Adjusted net income (if negative, enter -0-)			0		

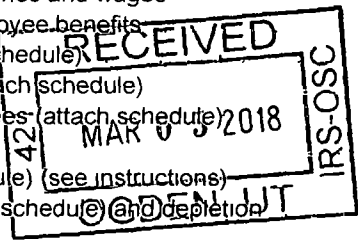
For Paperwork Reduction Act Notice, see instructions.

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash—non-interest-bearing		100,920	69,143	69,143
	2	Savings and temporary cash investments		1,765,715	645,891	645,891
	3	Accounts receivable ▶				
		Less allowance for doubtful accounts ▶				
	4	Pledges receivable ▶				
		Less allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach schedule) ▶				
		Less allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10a	Investments—U S and state government obligations (attach schedule)		3,996,285	3,488,626	3,481,045
	b	Investments—corporate stock (attach schedule)		3,566,669	3,319,756	4,416,940
	c	Investments—corporate bonds (attach schedule)				
	11	Investments—land, buildings, and equipment basis ▶				
	Less accumulated depreciation (attach schedule) ▶					
12	Investments—mortgage loans					
13	Investments—other (attach schedule)					
14	Land, buildings, and equipment basis ▶	39,243				
	Less accumulated depreciation (attach schedule) ▶	33,418	7,451	5,825	5,825	
15	Other assets (describe ▶ See Attached Statement)		6,748	4,031	4,031	
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)		9,443,788	7,533,272	8,622,875	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe ▶)				
	23	Total liabilities (add lines 17 through 22)		0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26, and lines 30 and 31. <input type="checkbox"/>					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input checked="" type="checkbox"/>					
	27	Capital stock, trust principal, or current funds		9,443,788	7,533,272	
	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)		9,443,788	7,533,272		
31	Total liabilities and net assets/fund balances (see instructions)		9,443,788	7,533,272		

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	9,443,788
2	Enter amount from Part I, line 27a	2	-1,910,516
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	7,533,272
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	7,533,272

Part IV Capital Gains and Losses for Tax on Investment Income

a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo. , day, yr)	(d) Date sold (mo. , day, yr)
1a	PUBLICLY TRADED SECURITIES			
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) ((e) plus (f) minus (g))	
a	1,504,947	1,416,800	88,147	
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FM 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			88,147	
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	88,147
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	0

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 doesn't 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))
2016	1,260,157	10,087,781	0.124919
2015	978,931	11,119,850	0.088035
2014	791,951	11,510,000	0.068805
2013	843,149	11,144,068	0.075659
2012	771,831	11,044,961	0.069881
2	Total of line 1, column (d)		2 0.427299
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5 0, or by the number of years the foundation has been in existence if less than 5 years		3 0.085460
4	Enter the net value of noncharitable-use assets for 2017 from Part X, line 5		4 8,847,920
5	Multiply line 4 by line 3		5 756,143
6	Enter 1% of net investment income (1% of Part I, line 27b)		6 1,415
7	Add lines 5 and 6		7 757,558
8	Enter qualifying distributions from Part XII, line 4 If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions		8 2,185,816

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b	1	1,415	
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations, enter 4% of Part I, line 12, col (b)			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only, others, enter -0-)	2	0	
3	Add lines 1 and 2	3	1,415	
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	1,415	
6	Credits/Payments			
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a	2,944	
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	2,944	
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	0	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	1,529	
11	Enter the amount of line 10 to be Credited to 2018 estimated tax 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?		X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? See the instructions for the definition 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		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ▶ \$ _____ (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? If "Yes," attach a detailed description of the activities		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		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by <i>General Instruction T</i>		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	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 <i>General Instruction G</i> ? If "No," attach explanation	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 2017 or the tax year beginning in 2017? See the instructions for Part XIV If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

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		Yes	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			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► WWW.FREESFOUNDATION.ORG		X	
14	The books are in care of ► NANCY F FOUNTAIN Telephone no ► (713) 623-0515 Located at ► 1770 SAINT JAMES PLACE, SUITE 616 HOUSTON TX ZIP+4 ► 77056-3500			
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 2017, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ►		Yes	No
		16		X

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

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

		Yes	No
1a	During the year, did the foundation (either directly or indirectly)		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)–(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance? See instructions. Organizations relying on a current notice regarding disaster assistance, check here ► <input type="checkbox"/>	1b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2017?	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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► 20____, 20____, 20____, 20____		
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	N/A
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 2017 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 2017.)	3b	N/A
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 2017?	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 **5b** N/A

Organizations relying on a current notice regarding disaster assistance, check here

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

If "Yes," attach the statement required by Regulations section 53.4945–5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **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? **7b** N/A

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (if not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NANCY F FOUNTAIN 1770 ST JAMES STE 616 HOUSTON, TX 77056	MNG DIR 40 00	135,417	16,100	
EDMUND M FOUNTAIN 1770 ST JAMES STE 616 HOUSTON, TX 77056	PRES/TRS 5 00	0		
ESTHER M PERRINE 1770 ST JAMES STE 616 HOUSTON, TX 77056	VICE-PRES 5 00	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 ▶ 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. 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	
2	
3	
4	

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

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

	Amount
1 NONE	
2	
All other program-related investments. See instructions	
3	

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	8,147,645
b	Average of monthly cash balances	1b	835,015
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	8,982,660
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	8,982,660
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	134,740
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	8,847,920
6	Minimum investment return. Enter 5% of line 5	6	442,396

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	442,396
2a	Tax on investment income for 2017 from Part VI, line 5	2a	1,415
b	Income tax for 2017 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	1,415
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	440,981
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	440,981
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	440,981

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	2,185,816
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	2,185,816
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	1,415
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	2,184,401

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2017, enter the date of the ruling ▶

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

	Tax year				(e) Total
	(a) 2017	(b) 2016	Prior 3 years		
			(c) 2015	(d) 2014	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					0
b 85% of line 2a					0
c Qualifying distributions from Part XII, line 4 for each year listed					0
d Amounts included in line 2c not used directly for active conduct of exempt activities					0
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					0
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets					0
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					0
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					0
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)					0
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					0
(3) Largest amount of support from an exempt organization					0
(4) Gross investment income					0

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

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., to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.

- a** The name, address, and telephone number or email address of the person to whom applications should be addressed

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

- c** Any submission deadlines

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

Part XV Supplementary Information *(continued)*

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)				
<p>a <i>Paid during the year</i> SEE ATTACHED STATEMENT 3</p>				1,988,409
Total			▶ 3a	1,988,409
b <i>Approved for future payment</i>				
Total			▶ 3b	0

Part I, Line 11 (990-PF) - Other Income

		4	4	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income
1	SECURITIES LITIGATION SETTLEMENTS	4	4	

Part I, Line 16a (990-PF) - Legal Fees

		1,265	0	0	1,265
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	WEYCER, KAPLAN, PULASKI & ZUBER	1,265	0		1,265

Part I, Line 16b (990-PF) - Accounting Fees

		5,025	4,774	0	251
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	MITCHELL J HOWINGTON, CPA	5,025	4,774		251

Part I, Line 16c (990-PF) - Other Professional Fees

		52,550	52,550	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes (Cash Basis Only)
1	SOUTH TEXAS MONEY MNGMT LTD	52,550	52,550		0

Part I, Line 18 (990-PF) - Taxes

		1,415	0	0	0
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	EXCISE TAX ON INVESTMENT INCOME	1,415			

Part I, Line 19 (990-PF) - Depreciation and Depletion

	Description	Date Acquired	Method of Computation	Asset Life	Cost or Other Basis	Beginning Accumulated Depreciation	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income
1	OFFICE EQUIPMENT				14,745	14,745			
2	FURNITURE & FIXTURES				13,119	13,119			
3	OFFICE FURNITURE				11,379	3,928	1,626	1,626	
							1,626	1,626	0

Part I, Line 23 (990-PF) - Other Expenses

		23,607	570	0	23,037
Description		Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
1	CONTINUING EDUCATION	984	98		886
2	DUES & BOARD EXPENSE	10,741	0		10,741
3	OFFICE EXPENSES	2,082	208		1,874
4	INSURANCE - PROPERTY & LIABILITY	2,641	264		2,377
5	BANK FEES	218	0		218
6	COMMUNITY CONVENING	6,941	0		6,941

Part II, Line 10a (990-PF) - Investments - U.S. and State Government Obligations

		Federal		State/Local					
		3,996,285	0	0	0	3,488,626	4,012,590	3,481,045	0
Description		Num. Shares/ Face Value	Book Value Beg. of Year	Book Value End of Year	FMV Beg of Year	FMV End of Year	State/Local Obligation	FMV End of Year	State/Local Obligation
1	SEE ATTACHED STATEMENT 1		3,996,285	3,488,626	4,012,590	3,481,045		3,481,045	

Part II, Line 10b (990-PF) - Investments - Corporate Stock

		Num Shares/ Face Value	Book Value Beg. of Year	Book Value End of Year	FMV Beg. of Year	FMV End of Year
1	SEE ATTACHED STATEMENT 2		3,566,669	3,319,756	4,219,009	4,416,940

Part II, Line 14 (990-PF) - Land, Buildings, and Equipment

		39,243	31,792	33,418	7,451	5,825	5,825
Asset Description		Cost or Other Basis	Accumulated Depreciation Beg of Year	Accumulated Depreciation End of Year	Book Value Beg. of Year	Book Value End of Year	FMV End of Year
1	OFFICE EQUIPMENT	14,745	14,745	14,745	0	0	0
2	FURNITURE & FIXTURES	13,119	13,119	13,119	0	0	0
3	OFFICE FURNITURE	11,379	3,928	5,554	7,451	5,825	5,825

Part II, Line 15 (990-PF) - Other Assets

		6,748	4,031	4,031
	Asset Description	Book Value Beg of Year	Book Value End of Year	FMV End of Year
1	DEPOSITS	1,493	1,493	1,493
2	PREPAID FEDERAL EXCISE TAX	2,856	1,529	1,529
3	PREPAID EXPENSES	2,399	500	500
4	PAYROLL TAXES REFUNDABLE	0	509	509

THE FREES FOUNDATION

STATEMENT 1
76-0053200

FORM 990-PF, PART II, LINE 10a - INVESTMENTS - U.S. AND STATE GOVT OBLIGATIONS

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
\$100,000 ARIZONA STATE REVENUE, 3 06% BOND, DUE 7/1/25	100,015	99,239
\$200,000 ARIZONA COLLEGE & UNIV, 2 94% BOND, DUE 6/1/20	200,015	202,496
\$200,000 CARMEL IND REDEV, 3% BOND, DUE 2/1/25	200,015	195,624
\$175,000 ENERGY NW WASH ELC, 2 147% BOND, DUE 7/1/18	175,015	175,285
\$150,000 GEORGIA MUN ELECT, 4 03% BOND, DUE 1/1/20	161,448	152,882
\$200,000 HONOLULU CITY & CNTY, 3 162% BOND, DUE 11/1/26	200,015	203,596
\$200,000 KENTUCKY PPTY REV, 4 303% BOND, DUE 11/1/19	211,577	206,476
\$150,000 MANSFIELD TX ISD G/O, 4% BOND, DUE 2/15/24	158,979	158,509
\$200,000 NEWPORT NEWS VA, 3 413% BOND, DUE 7/1/27	201,015	198,540
\$225,000 OKLAHOMA WATER RES, 3 616% BOND, DUE 4/1/22	225,015	235,922
\$75,000 OREGON ST TRPT HWY, 2 106 BOND, DUE 11/15/19	75,007	75,019
\$200,000 PORT VANCOUVER WA, 3 094% BOND, DUE 12/1/23	200,020	203,982
\$200,000 SNOHOMISH CNTY WA G/O, 3% BOND, DUE 12/1/26	197,743	198,046
\$200,000 S CAROLINA WTR REV, 3 572% BOND, DUE 12/1/22	209,473	203,010
\$200,000 UNIV OF OKLA REV, 3 104% BOND, DUE 7/1/26	200,015	198,678
\$200,000 UNIV OF OKLA REV, 3 7% BOND, DUE 7/1/22	200,015	209,938
\$100,000 VIRGINIA PORT AUTH, 3 576% BOND, DUE 7/1/28	101,300	103,204
\$50,000 VIRGINIA ST HSG AUTH, 3 218% BOND, DUE 10/1/24	50,164	50,285
\$200,000 VIRGINIA ST HSG AUTH, 3 818% BOND, DUE 10/1/28	201,015	202,612
\$200,000 VIRGINIA ST PUB AUTH, 4% BOND, DUE 8/1/20	220,765	207,702
TOTALS	<u>3,488,626</u>	<u>3,481,045</u>

STATEMENT 1

THE FREES FOUNDATION

STATEMENT 2
76-0053200

FORM 990-PF, PART II, LINE 10b - INVESTMENTS - CORPORATE STOCK

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
3,030 SHARES ISHARES CORE S&P SMALL-CAP ETF	107,244	232,734
4,739 SHARES SELECT SECTOR SPDR TRUST UTILITIES INDX	166,443	249,651
365 SHARES AMERICAN TOWER CORP	49,802	52,075
958 SHARES ANDEAVOR	99,538	109,538
1,019 AT&T INC	39,854	39,619
2,972 SHARES ATOS ORIGIN SA ADR	60,368	86,619
7,171 AVIVA PLC ADR	99,850	98,816
2,764 SHARES BANK OF MONTREAL	177,298	221,175
7,948 SHARES BANK OF AMERICA CORP	124,312	234,625
2,025 SHARES BRISTOL-MYERS SQUIBB CORPORATION	66,146	124,092
1,808 SHARES CHEVRON CORPORATION	199,295	226,344
2,985 SHS CISCO SYSTEMS INC	99,401	114,326
2,933 SHARES EATON CORP PLC	175,495	231,736
1,543 SHARES ESTEE LAUDER COMPANIES	112,473	196,331
2,024 SHARES FIRST AMERICAN FINANCIAL CORP	99,498	113,425
6,310 SHARES FORD MOTOR COMPANY	74,644	78,812
1,953 SHARES GRANITE CONSTRUCTION INC	89,998	123,879
3,646 SHARES INTERNATIONAL PAPER CO	162,248	211,249
2,769 SHARES MERCK & CO INC	115,165	155,812
5,035 SHARES MICHELIN COMPAGNIE GENERALE	96,370	144,102
2,684 SHARES MICROSOFT CORP	74,722	229,589
1,821 SHARES NESTLE SA	134,852	156,551
2,438 SHARES OCCIDENTAL PETROLEUM CORP	182,515	179,583
807 SHARES RAYTHEON CO	110,673	151,595
3,055 SHARES SYSCO CORP	141,912	185,530
3,886 SHARES VERIZON COMMUNICATIONS	200,202	205,686
4,740 SHARES VODAFONE GROUP PLC	144,998	151,206
1,044 SHARES WALT DISNEY CO	114,440	112,240
TOTALS	<u>3,319,756</u>	<u>4,416,940</u>

STATEMENT 2

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE
YEAR OR APPROVED FOR FUTURE PAYMENT

NAME AND ADDRESS	REALTION- SHIP	FOUNDATION STATUS	PURPOSE	AMOUNT
CARE USA 151 ELLIS STREET, NE ATLANTA, GA 30303	NONE	PUBLIC	Education Initiative--Syrian Refugees Girls' Education Program--Afghanistan	128,460
THE MISSION OF YAHWEH 10247 ALGIERS HOUSTON, TX 77041	NONE	PUBLIC	Workforce Development Program Transitional Housing--Homeless Dental Program	85,177
DEPELCHIN CHILDREN'S CENTER 4950 MEMORIAL DRIVE HOUSTON, TX 77007	NONE	PUBLIC	Workforce Development Program Transition Age Youth Capital Improvements Residence	116,960
TRUE COLORS FUND 330 WEST 38th STREET, STE 405 NEW YORK, NY 10018	NONE	PUBLIC	40 to None Summit Sponsorship LGBTQ Youth Initiative	10,000
HOUSTON POLICE FOUNDATION 1200 TRAVIS HOUSTON, TX 77002	NONE	PUBLIC	HPD Mental Health Division Homeless Outreach Team New Transportation Van	47,150
UNITED AGAINST HUMAN TRAFFICKING P O BOX 541184 HOUSTON, TX 77254	NONE	PUBLIC	Youth Programs, Community Outreach School Staff Education	15,000
RONALD MCDONALD HOUSE 1907 HOLCOMBE BLVD HOUSTON, TX 77030	NONE	PUBLIC	Capital Campaign--Facility Expansion	50,000
MALAYAKA HOUSE P O BOX 9352 S BURLINGTON, VT 05407	NONE	PUBLIC	Orphanage--Uganda, Africa General Operating Support	15,000
I AM WATERS INC 3262 WESTHEIMER RD, PO BOX 229 HOUSTON, TX 77098	NONE	PUBLIC	Operating Support	62,800

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STATEMENT 3

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE
YEAR OR APPROVED FOR FUTURE PAYMENT

NAME AND ADDRESS	REALTION- SHIP	FOUNDATION STATUS	PURPOSE	AMOUNT
UT HEALTH SCIENCE - DENTISTRY 7000 FANNIN, STE 1200 HOUSTON, TX 77030	NONE	PUBLIC	Dental Outreach Van Program at Mission of Yahweh	37,500
SUNFLOWER MISSION P O BOX 1385 STAFFORD, TX 77497	NONE	PUBLIC	Rural School New Construction Quang Nam, Vietnam	96,000
COMPUDOPT 1602 AIRLINE HOUSTON, TX 77009	NONE	PUBLIC	Operating Support Technology Education- At Risk Youth	10,000
COVENANT HOUSE TEXAS 1111 LOVETT BLVD HOUSTON, TX 77006	NONE	PUBLIC	General Operating Support Youth Homelessness Residential Program	109,000
NEW HOPE HOUSING 1117 TEXAS AVENUE HOUSTON, TX 77002	NONE	PUBLIC	Permanent Supportive Housing Resident Services	25,000
GREATER HOUSTON COMMUNITY FOUNDATION 5120 WOODWAY DRIVE, SUITE 6000 HOUSTON, TX 77056	NONE	PUBLIC	Youth Homelessness & Antri-Human Trafficking Work Group Support	35,000
THE SALVATION ARMY 2202 MAIN STREET HOUSTON, TX 77002	NONE	PUBLIC	Young Adult Resource Center Program Director Salary Support	50,000
EASTER SEALS OF GREATER HOUSTON 4500 BISSONNET, SUITE 340 BELLAIRE, TX 77401-3006	NONE	PUBLIC	Veterans Services Program	5,000
UNITED WAY OF GREATER HOUSTON 50 WAUGH DRIVE HOUSTON, TX 77007	NONE	PUBLIC	Funders' Learning Groups Coordinator Salary Support	24,000

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STATEMENT 3

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE
YEAR OR APPROVED FOR FUTURE PAYMENT

NAME AND ADDRESS	REALTION- SHIP	FOUNDATION STATUS	PURPOSE	AMOUNT
PROYECTO DESAROLLO HUMANO 17617 SABAL PALM DRIVE PENITAS, TX 78576	NONE	PUBLIC	General Operating Support Colonias Community Center	15,000
HOUSTON AREA WOMENS CENTER 1010 WAUGH HOUSTON, TX 77019	NONE	PUBLIC	Emergency Shelter Program Childcare Specialist Salary Support	54,362
PHILANTHROPY SOUTHWEST 8350 N CENTRAL EXPRESSWAY, SUITE M-1012 DALLAS, TX 75206	NONE	PUBLIC	Building Community Connections Immigration and Refugees Education Program	2,500
VETERANS MATTER 3450 W CENTRAL AVE, SUITE 108 TOLEDO, OH 43606	NONE	PUBLIC	Capacity Building Communications	10,000
ST JEROME CATHOLIC CHURCH 201 N LAZY LANE CLUTE, TX 77531	NONE	PUBLIC	Mexican Folklore Dance Troupe Capacity Building	15,000
CONNECT COMMUNITY 6700 BELLAIRE HOUSTON, TX 77074	NONE	PUBLIC	Early Childhood Learning Center Strategic Planning Grant	50,000
WEST HOUSTON ASST MINISTRIES 10501 MEADOWGLEN LANE HOUSTON, TX 77042	NONE	PUBLIC	Harvey Emergency Relief	15,000
UNIVERSITY OF HOUSTON - SCHOOL OF SOCIAL WORK 5000 GULF FREEWAY BUILDING 1, SUITE 263 HOUSTON, TX 77024	NONE	PUBLIC	Capital Improvements UH Graduate College of Social Work Facility and Classrooms	125,000
BLUE BIRD CIRCLE 615 WEST ALABAMA HOUSTON, TX 77006	NONE	PUBLIC	General Operating Support	5,000

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STATEMENT 3

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE
YEAR OR APPROVED FOR FUTURE PAYMENT

NAME AND ADDRESS	REALTION- SHIP	FOUNDATION STATUS	PURPOSE	AMOUNT
INTERFAITH MINISTRIES 3303 MAIN STREET HOUSTON, TX 77002	NONE	PUBLIC	Refugee Services Program	15,000
YMCA OF GREATER HOUSTON 2600 NORTH LOOP WEST, SUITE 300 HOUSTON, TX 77092	NONE	PUBLIC	International Welcome Center Instructor Salary Support Refugee Program	60,000
SER JOBS FOR PROGRESS 201 BROADWAY STREET HOUSTON, TX 77012	NONE	PUBLIC	Workforce Development Program Job Readiness Training	25,000
LOVING HOUSTON 4545 POST OAK PLACE, SUITE 201 HOUSTON, TX 77027	NONE	PUBLIC	General Operating Support Training for Volunteer Tutors At-Risk Youth	10,000
THE WOMEN'S HOME 607 WESTHEIMER RD HOUSTON, TX 77006	NONE	PUBLIC	Whole Life Wellness Center Capital Campaign	200,000
ALLIANCE FOR MULTRICULTURAL COMMUNITY SERVICE 6440 HILLCROFT, SUITE 411 HOUSTON, TX 77081	NONE	PUBLIC	Capacity Building Merger with Community Cloth	15,000
PROUNITAS INC 4802 LOCKWOOD DR HOUSTON, TX 77026	NONE	PUBLIC	Director of Partnerships Salary Support/Capacity Building HISD/Kashmere School System	115,000
LITERACY ADVOCATES OF HOUSTON 2424 WILCREST, SUITE 120 HOUSTON, TX 77042	NONE	PUBLIC	Operating and Program Support Strategic Planning	35,000
TAHIRIH JUSTICE CENTER 1717 ST JAMES PLACE, STE 450 HOUSTON, TX 77056	NONE	PUBLIC	Legal Services-Women Fleeing Violence--Refugees & Immigrants	217,500

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STATEMENT 3

FORM 990-PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE
YEAR OR APPROVED FOR FUTURE PAYMENT

<u>NAME AND ADDRESS</u>	<u>REALTION- SHIP</u>	<u>FOUNDATION STATUS</u>	<u>PURPOSE</u>	<u>AMOUNT</u>
HOUSTON-GALVESTON SCHWEITZER FELLOWS 3701 KIRBY DR, SUITE 600 HOUSTON, TX 77098	NONE	PUBLIC	Scholarship Program Community Service Fellows	15,000
NORTHWEST ASSISTANCE MINISTRIES 15555 KUYKENDAHL ROAD HOUSTON, TX 77090	NONE	PUBLIC	Homes for Children Initiative Case Manager Salary Support	42,000
FAMILY SERVICES OF GREATER HOUSTON 3815 MONTROSE BLVD, SUITE 200 HOUSTON, TX 77006	NONE	PUBLIC	Parenting Classes Incarcerated Women/Baby Initiative	25,000
TOTAL				<u>1,988,409</u>