

For calendar year 2017, or tax year beginning 01-01-2017, and ending 12-31-2017

Name of foundation MCDANIEL CHARITABLE FOUNDATION		A Employer identification number 76-0538313	
Number and street (or P O box number if mail is not delivered to street address) PO BOX 108		Room/suite	B Telephone number (see instructions) (409) 942-2946
City or town, state or province, country, and ZIP or foreign postal code HITCHCOCK, TX 77563		C If exemption application is pending, check here ▶ ☐	
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ▶ ☐ 2 Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐	
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐	
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 11,270,947	J Accounting method ☐ Cash ☒ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (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 ▶ ☒ If the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	4,699	4,699		
	4 Dividends and interest from securities	249,077	249,077		
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10 _____	-457,781			
	b Gross sales price for all assets on line 6a _____ 1,410,417				
	7 Capital gain net income (from Part IV, line 2)				
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances _____				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)	21,884	31,461		
	12 Total. Add lines 1 through 11	-182,121	285,237		
	13 Compensation of officers, directors, trustees, etc	114,000	13,500		100,500
	14 Other employee salaries and wages	26,000			23,400
	15 Pension plans, employee benefits	74,414	11,700		61,467
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	7,500	3,750		3,750
	c Other professional fees (attach schedule)				
	17 Interest	371	371		
	18 Taxes (attach schedule) (see instructions)	5,808	1		
	19 Depreciation (attach schedule) and depletion	7,872	7,632		
	20 Occupancy	11,250			
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)	69,747	60,683		7,090
	24 Total operating and administrative expenses. Add lines 13 through 23	316,962	97,637		196,207
	25 Contributions, gifts, grants paid	61,000			61,000
	26 Total expenses and disbursements. Add lines 24 and 25	377,962	97,637		257,207
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-560,083			
	b Net investment income (if negative, enter -0-)		187,600		
	c Adjusted net income (if negative, enter -0-)				

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 (a) Book Value	End of year (b) Book Value (c) Fair Market Value		
Assets	1	Cash—non-interest-bearing	72,274	71,324	71,324
	2	Savings and temporary cash investments	921,044	733,649	733,649
	3	Accounts receivable ▶ <u>28,043</u>			
		Less allowance for doubtful accounts ▶ _____	28,805	28,043	28,043
	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) ▶ <u>7,262,653</u>			
		Less allowance for doubtful accounts ▶ _____	6,368,764	7,262,653	7,262,653
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	6,291	1,291	1,291
	10a	Investments—U S and state government obligations (attach schedule)	134,541	71,345	71,345
	b	Investments—corporate stock (attach schedule)	1,998,985	633,472	633,472
	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)	2,103,396	2,453,504	2,453,504	
14	Land, buildings, and equipment basis ▶ <u>15,666</u>				
	Less accumulated depreciation (attach schedule) ▶ <u>8,230</u>	7,296	7,436	15,666	
15	Other assets (describe ▶ _____)				
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	11,641,396	11,262,717	11,270,947	
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 ▶ _____)	2,795	5,291	
	23	Total liabilities (add lines 17 through 22)	2,795	5,291	
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	11,638,601	11,257,426	
	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			
	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)	11,638,601	11,257,426	
	31	Total liabilities and net assets/fund balances (see instructions) .	11,641,396	11,262,717	

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	11,638,601
2	Enter amount from Part I, line 27a	2	-560,083
3	Other increases not included in line 2 (itemize) ▶ _____	3	178,908
4	Add lines 1, 2, and 3	4	11,257,426
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	11,257,426

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 See Additional Data Table			
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 See Additional Data Table			
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) 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 See Additional Data Table			
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	-457,781
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	201,577

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))
2016	238,978	10,651,184	0 022437
2015	281,170	10,335,139	0 027205
2014	372,687	9,602,338	0 038812
2013	560,242	7,917,727	0 070758
2012	1,299,952	8,198,419	0 158561
2 Total of line 1, column (d)			2 0 317773
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 063555
4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5			4 10,965,408
5 Multiply line 4 by line 3			5 696,907
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,876
7 Add lines 5 and 6			7 698,783
8 Enter qualifying distributions from Part XII, line 4			8 257,207

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b	1	3,752
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	
3	Add lines 1 and 2.	3	3,752
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	3,752
6	Credits/Payments		
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a	5,770
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	14,770
8	Enter any penalty for underpayment of estimated tax. Check here ☒ if Form 2220 is attached	8	70
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	10,948
11	Enter the amount of line 10 to be Credited to 2018 estimated tax ☐ 3,760 Refunded ☐	11	7,188

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	No
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see Instructions for definition)? <i>If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities</i>	1b	No
c Did the foundation file Form 1120-POL for this year?	1c	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? <i>If "Yes," attach a detailed description of the activities</i>	2	No
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	No
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	No
b If "Yes," has it filed a tax return on Form 990-T for this year?	4b	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? <i>If "Yes," attach the statement required by General Instruction T</i>	5	No
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	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 2017 or the taxable year beginning in 2017 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	9	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	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 ▶ <u>HTTP //MCDANIELCHARITABLEFOUNDATION.ORG/</u>	13	Yes	
14	The books are in care of ▶ <u>JULIE BARNETT</u> Telephone no ▶ <u>(409) 942-2946</u>			

Located at **▶** P O BOX 108 HITCHCOCK TXZIP+4 **▶** 77563

15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ▶ ☐	15		
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 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	No

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.**

1a	During the year did the foundation (either directly or indirectly)		Yes	No
(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)? ☐ Organizations relying on a current notice regarding disaster assistance check here. ▶ ☐	1b		
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		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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017? ☐ Yes ☒ 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		
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? ☒ Yes ☐ 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		No
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 2017?	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))? ☐ Yes ☒ No (2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No (3) Provide a grant to an individual for travel, study, or other similar purposes? ☒ Yes ☐ No (4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? (see instructions). ☐ Yes ☒ No (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No			
b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? ☐ Yes ☒ No Organizations relying on a current notice regarding disaster assistance check here.  ☐	5b		No
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 <i>If "Yes," attach the statement required by Regulations section 53.4945–5(d)</i>			
6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No <i>If "Yes" to 6b, file Form 8870</i>	6b		No
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? ☐ Yes ☒ No	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 (see instructions).**

(a) Name and address	Title, and average hours per week (b) devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
See Additional Data Table				

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	Title, and average hours per week (b) devoted to position	(c) Compensation	Contributions to employee benefit plans and deferred compensation (d)	Expense account, (e) other allowances
NONE				

Total number of other employees paid over \$50,000. ►**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. ►**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	
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 N/A	
2	
All other program-related investments See instructions	
3	
Total. Add lines 1 through 3 ►	

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	10,142,189
b	Average of monthly cash balances.	1b	953,435
c	Fair market value of all other assets (see instructions).	1c	36,770
d	Total (add lines 1a, b, and c).	1d	11,132,394
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	11,132,394
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	166,986
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	10,965,408
6	Minimum investment return. Enter 5% of line 5.	6	548,270

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	548,270
2a	Tax on investment income for 2017 from Part VI, line 5.	2a	3,752
b	Income tax for 2017 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	3,752
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	544,518
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	544,518
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	544,518

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	257,207
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	257,207
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	
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	257,207

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 2016	(c) 2016	(d) 2017
1 Distributable amount for 2017 from Part XI, line 7				544,518
2 Undistributed income, if any, as of the end of 2017				
a Enter amount for 2016 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2017				
a From 2012.	895,640			
b From 2013.	167,508			
c From 2014.	55,928			
d From 2015.				
e From 2016.				
f Total of lines 3a through e.	1,119,076			
4 Qualifying distributions for 2017 from Part XII, line 4 ▶ \$ 257,207				
a Applied to 2016, but not more than line 2a				
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 2017 distributable amount.				257,207
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2017 (If an amount appears in column (d), the same amount must be shown in column (a))	287,311			287,311
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	831,765			
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 2016 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2017 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2018				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).				
8 Excess distributions carryover from 2012 not applied on line 5 or line 7 (see instructions).	608,329			
9 Excess distributions carryover to 2018. Subtract lines 7 and 8 from line 6a	223,436			
10 Analysis of line 9				
a Excess from 2013.	167,508			
b Excess from 2014.	55,928			
c Excess from 2015.				
d Excess from 2016.				
e Excess from 2017.				

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 2017, enter the date of the ruling. ▶					
b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 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	Tax year	Prior 3 years			(e) Total
	(a) 2017	(b) 2016	(c) 2015	(d) 2014	
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					

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

Part XV	
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))	
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	
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 THE MCDANIEL CHARITABLE FOUNDATION P O BOX 108 HITCHCOCK, TX 77563 (409) 942-1910 CONTACTUS@MCDANIELFOUNDATION.ORG	
b The form in which applications should be submitted and information and materials they should include SEE ATTACHED APPLICATION	
c Any submission deadlines JUNE 1ST	
d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors BASED ON NEED & MERIT, MUST BE GALVESTON RESIDENT & ATTEND A TEXAS SCHOOL ONLY RENEWAL APPLICATIONS ACCEPTED, THE FOUNDATION IS NOT ACCEPTING NEW SCHOLARSHIP APPLICATIONS FOR THIS PROGRAM	

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)				
a <i>Paid during the year</i> See Additional Data Table				
Total			3a	61,000
b <i>Approved for future payment</i>				
Total			3b	

Enter gross amounts unless otherwise indicated

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) (See instructions.)
---------------	--

[illegible]

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

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?		Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash.	1a(1)		No
(2) Other assets.	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)		No
(3) Rental of facilities, equipment, or other assets.	1b(3)		No
(4) Reimbursement arrangements.	1b(4)		No
(5) Loans or loan guarantees.	1b(5)		No
(6) Performance of services or membership or fundraising solicitations.	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c		No
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

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

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.	***** 2018-11-12 Date	***** Title	May the IRS discuss this return with the preparer shown below (see instr)? ☒ Yes ☐ No
	Signature of officer or trustee			

Paid Preparer Use Only	Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
	HARRY D MAXWELL JR		2018-11-13		P00627267
	Firm's name ► HEAD MAXWELL & MCKENNA PC				Firm's EIN ► 76-0354302
	Firm's address ► 2200 MARKET ST SUITE 401 GALVESTON, TX 77550				Phone no (409) 763-6479

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d			
List and describe the kind(s) of property sold (e g , real estate, (a) 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)
SEA LION LIQUIDATING DIST	P	2014-04-16	2017-01-01
341 SH SILVER BAY ROYALTY TRUST	P	2013-04-24	2017-05-11
355 SH GRANITE POINT MORTGAGE TRUST	P	2013-04-24	2017-12-11
PROSHARES NAT GAS-SEC 1256 STRAD	P		
PROSHARES NAT GAS-SEC 1256 STRAD	P		
FULLER DMS OFFICE LTD-SEC 1231 LOSS	P		
SCW CAPITAL LP-S/T GAIN PASSED THRU	P		
SCW CAPITAL LP-L/T GAIN PASSED THRU	P		
SCW CAPITAL LP-SEC 1231 LOSS	P		
SCW CAPITAL LP-SEC 1256 STRAD	P		

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(e) Gross sales price	Depreciation allowed (f) (or allowable)	Cost or other basis (g) plus expense of sale	Gain or (loss) (h) (e) plus (f) minus (g)
1,140,000		1,799,700	-659,700
7,332		6,172	1,160
6		7	-1
		3,158	-3,158
		4,736	-4,736
		28,045	-28,045
143,569			143,569
104,510			104,510
		8	-8
		2	-2

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	Adjusted basis (j) as of 12/31/69	Excess of col (i) (k) over col (j), if any	
			-659,700
			1,160
			-1
			-3,158
			-4,736
			-28,045
			143,569
			104,510
			-8
			-2

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

List and describe the kind(s) of property sold (e g , real estate, (a) 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)
SCW CAPITAL LP-SEC 1256 STRAD	P		
SCW CAPITAL LP-BOOK/TAX GAIN DIFF	P		
U S TREASURY NOTE, 4 500%	P	2008-08-20	2017-05-15

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
		3	-3
		10,550	-10,550
15,000		15,817	-817

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			-3
			-10,550
			-817

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation				
(a) Name and address	Title, and average hours per week (b) devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
MICHELLE LYONS SPIER	PRESIDENT 20 00	12,000	7,688	0
P O BOX 108 HITCHCOCK, TX 77563				
MELISSA LYONS GARDNER	TREASURER 20 00	12,000	7,688	0
P O BOX 108 HITCHCOCK, TX 77563				
RACHEL LYONS	DIRECTOR 1 00	12,000	7,502	0
P O BOX 108 HITCHCOCK, TX 77563				
MADISON SPIER	DIRECTOR 1 00	12,000	0	0
P O BOX 108 HITCHCOCK, TX 77563				
JULIE BARNETT	SCHOL COORD 40 00	60,000	10,529	0
P O BOX 108 HITCHCOCK, TX 77563				
CHRISTOPHER JOHNSON	DIRECTOR 1 00	6,000	7,502	0
P O BOX 108 HITCHCOCK, TX 77563				
FREELAND GODFREY	DIRECTOR 0 00	0	10,556	0
P O BOX 108 HITCHCOCK, TX 77563				
MARK LYONS	DIRECTOR 000 00	0	0	0
P O BOX 108 HITCHCOCK, TX 77563				

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				
TURNING POINTP O BOX 2118 GALVESTON, TX 77553	NONE	509(A)(1)	HANDICAP THERAPY	1,500
FIRST UNITED METHODIST CHURCH 212 W BENTON AVE DEVINE, TX 78016	NONE	509(A)(1)	SCHOLARSHIPS/GENERAL SUPPORT	9,500
MARTIN KARA1903 UNIVERSITY ESTILL 201 BOX 2328 HUNTSVILLE, TX 77341	NONE		SCHOLARSHIP	5,000
Total ▶ 3a				61,000

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				
VAWTER EMILIEP O BOX 30016 COLLEGE STATION, TX 778423016	NONE		SCHOLARSHIP	5,000
UNIVERSITY OF HOUSTON 402 AGNES ARNOLD HALL HOUSTON, TX 77204	NONE		LUISETTA CHOMEL SCHOLARSHIP	5,000
CHILDREN'S WELL-BEING FOUNDATION 100 HIGHLAND STREET SUITE G1 MILTON, MA 02186	NONE	509(A)(1)	GENERAL SUPPORT	10,000
Total ▶ 3a				61,000

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				
FRIEDREICH'S ATAXIA RESEARCH ALLIAN 533 W UWCHLAN AVENUE DOWNINGTOWN, PA 19335	NONE	509(A)(1)	GENERAL SUPPORT	25,000
Total ▶ 3a				61,000

TY 2017 Accounting Fees Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313**Accounting Fees Schedule**

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
2015 FORM 990-PF/990-T PREP FEE	7,500	3,750		3,750

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

TY 2017 Depreciation Schedule

Name: MCDANIEL CHARITABLE FOUNDATION

EIN: 76-0538313

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
SPEAKER PHONE	2015-07-22	141	28	S/L	7 0000	21	19		
SPEAKER PHONE	2015-07-22	141	28	S/L	7 0000	21	19		
SPEAKER PHONE	2015-07-22	141	28	S/L	7 0000	21	19		
SPEAKER PHONE	2015-07-22	141	28	S/L	7 0000	21	19		
DESK	2016-04-30	162	15	S/L	7 0000	24	22		
HP WIRELESS PRINTER	2016-06-18	236	24	S/L	5 0000	47	42		
ERGONOMIC MESH CHAIR	2016-08-17	325	15	S/L	7 0000	47	42		
ERGONOMIC MESH CHAIR	2016-08-17	325	15	S/L	7 0000	47	42		
ERGONOMIC MESH CHAIR	2016-08-26	314	15	S/L	7 0000	45	41		
ERGONOMIC MESH CHAIR	2016-08-26	314	15	S/L	7 0000	45	41		
ERGONOMIC MESH CHAIR	2016-08-26	314	15	S/L	7 0000	45	41		
HP LASERJET PRINTER	2015-06-15	216	49	S/L	7 0000	31	28		
HP LASERJET PRINTER	2015-06-15	216	49	S/L	7 0000	31	28		
HP LASERJET PRINTER	2015-06-15	216	49	S/L	7 0000	31	28		
HIGH BACK EXECUTIVE BLACK CHAIR	2012-03-14	312	216	S/L	7 0000	45	41		
HIGH BACK EXECUTIVE BLACK CHAIR	2012-03-14	312	216	S/L	7 0000	45	41		
USED 5-DRAWER LATERAL FILE CABINETS	2012-05-24	314	206	S/L	7 0000	45	41		
USED 5-DRAWER LATERAL FILE CABINETS	2012-05-24	314	206	S/L	7 0000	45	41		
REFRIGERATOR	2015-07-28	507	103	S/L	7 0000	72	65		
PORTABLE A/C UNIT	2016-05-05	765	73	S/L	7 0000	109	98		

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
CONFERENCE TABLE	2012-03-14	877	605	S/L	7 0000	125	113		
EXECUTIVE DOUBLE PEDESTAL DESK	2012-03-14	1,039	717	S/L	7 0000	148	133		
EXECUTIVE DOUBLE PEDESTAL DESK	2012-03-14	1,038	717	S/L	7 0000	148	133		
STORAGE CREDENZA	2012-03-14	988	682	S/L	7 0000	141	127		
STORAGE CREDENZA	2012-03-14	988	682	S/L	7 0000	141	127		
(8) BLUE FABRIC CAPTAINS CHAIRS	2012-03-14	961	663	S/L	7 0000	137	123		
TOSHIBA LAPTOP	2015-09-27	758	189	S/L	5 0000	152	137		
TOSHIBA LAPTOP (JULIE'S)	2015-10-03	758	189	S/L	5 0000	152	137		
TELEVISION & MOUNT	2017-01-06	397		S/L	5 0000	79	71		
TELEVISION & MOUNT	2017-01-06	397		S/L	5 0000	79	71		
COMPUTER SERVER	2017-03-09	1,425		S/L	5 0000	238	209		
CHAIR (BLACK, 9000 SERIES)	2017-08-18	314		S/L	7 0000	15	14		

TY 2017 Investments Corporate Stock Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313

Name of Stock	End of Year Book Value	End of Year Fair Market Value
US BANK - COMMON STOCKS	233,472	233,472
SEA LION INC		
WOB HOLDINGS LLC	400,000	400,000

TY 2017 Investments Government Obligations Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313**US Government Securities - End
of Year Book Value:**

71,345

**US Government Securities - End
of Year Fair Market Value:**

71,345

**State & Local Government
Securities - End of Year Book
Value:****State & Local Government
Securities - End of Year Fair
Market Value:**

TY 2017 Investments - Other Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313**Investments Other Schedule 2**

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
US BANK - PTP PSHIPS	FMV	65,025	65,025
FULLER DMS OFFICE LTD	FMV	205,293	205,293
SCW CAPITAL L.P.	FMV	2,183,186	2,183,186

**TY 2017 Land, Etc.
Schedule****Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
FURNISHINGS & EQUIPMENT	15,666	8,230	7,436	15,666

TY 2017 Other Expenses Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313**Other Expenses Schedule**

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
INVESTMENT EXPENSES	53,309	53,309		
INSURANCE	3,385	1,523		1,523
WEBSITE	370	167		167
OFFICE SUPPLIES	4,450	2,003		2,003
POSTAGE & SHIPPING	1,450	653		653
TELEPHONE EXPENSE	74	33		33
COMCAST/DIRECT TV	2,317	1,043		1,043
IT EXPENSES	3,708	1,668		1,668
BANK CHARGES/CREDIT CARD FEES	247			

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
CREDIT CARD LATE FEES	153			
PENALTY PASSED THRU FROM SCW	284	284		

TY 2017 Other Income Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313**Other Income Schedule**

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
SAN JUAN BASIN ROYALTY TRUST	19,126	19,126	
FROM SCW CAPITAL K-1	5,627	5,627	
FROM DORCHESTER MINERALS K-1	6,708	6,708	
SCW CAPITAL LP	-1,643		
FULLER DMS OFFICE LTD	-7,934		

TY 2017 Other Increases Schedule

Name: MCDANIEL CHARITABLE FOUNDATION

EIN: 76-0538313

Description	Amount
CHANGE IN UNREAL GAIN/LOSS ON INVESTMENTS	178,908

TY 2017 Other Liabilities Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313

Description	Beginning of Year - Book Value	End of Year - Book Value
PAYROLL TAXES PAYABLE	2,795	2,934
EXCISE TAX PAYABLE		2,357

TY 2017 Other Notes/Loans Receivable Short Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313

Name of 501(c)(3) Organization	Balance Due
NR - JOSE FALCON	99,464
NR - TWO RIVERS REALTY	810,000
NR - TWO RIVERS DEVELOPMENT	200,000
NR - C CAHILL	893,463
NR - E HARRIS	893,463
NR - R HARRIS	893,463
NR - PODELAK REAL ESTATE INVEST	3,472,800

TY 2017 Taxes Schedule**Name:** MCDANIEL CHARITABLE FOUNDATION**EIN:** 76-0538313

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
2016 FORM 990-PF EXCISE TAX	5,770			
2016 FORM 990-PF PENALTY/INTERES	37			
FOREIGN TAXES ON DIVIDENDS	1	1		