

For calendar year 2019, or tax year beginning 01-01-2019, and ending 12-31-2019

Name of foundation JACK AND KATHERINE PEARCE EDUCATIONAL FOUNDATION		A Employer identification number 74-6035546	
Number and street (or P O box number if mail is not delivered to street address) FROST BANK 2201 MARKET 3RD FLOOR		Room/suite	
City or town, state or province, country, and ZIP or foreign postal code GALVESTON, TX 77550		B Telephone number (see instructions) (409) 770-5665	
G Check all that apply ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change		D 1. Foreign organizations, check here 2 Foreign organizations meeting the 85% test, check here and attach computation	
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here	
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶\$ 3,285,653		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	9,429	9,429	9,429	
	4 Dividends and interest from securities	59,511	59,511	59,511	
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10	92,080			
	b Gross sales price for all assets on line 6a _____ 556,511				
	7 Capital gain net income (from Part IV, line 2)		92,080		
	8 Net short-term capital gain				
	9 Income modifications			145,702	
	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)	88	88	88	
	12 Total. Add lines 1 through 11	161,108	161,108	214,730	
	13 Compensation of officers, directors, trustees, etc	52,066	19,650	19,650	32,416
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	2,750	1,375	1,375	1,375
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	4,623	1,368	1,368	
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications	318			318
	23 Other expenses (attach schedule)	660	2	2	
	24 Total operating and administrative expenses. Add lines 13 through 23	60,417	22,395	22,395	34,109
	25 Contributions, gifts, grants paid	127,500			127,500
	26 Total expenses and disbursements. Add lines 24 and 25	187,917	22,395	22,395	161,609
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-26,809			
	b Net investment income (if negative, enter -0-)		138,713		
c Adjusted net income (if negative, enter -0-)				192,335	

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					
	2	Savings and temporary cash investments	520,625	509,082		509,082	
	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	7,360	3,256		3,256	
	10a	Investments—U S and state government obligations (attach schedule)					
	b	Investments—corporate stock (attach schedule)					
	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)	2,374,002	2,508,765		2,772,008	
	14	Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____					
15	Other assets (describe ▶ _____)	1,218	1,018		1,307		
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	2,903,205	3,022,121		3,285,653		
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			
Net Assets or Fund Balances	Foundations that follow FASB ASC 958, check here ☐ and complete lines 24, 25, 29 and 30.						
	24	Net assets without donor restrictions					
	25	Net assets with donor restrictions					
	Foundations that do not follow FASB ASC 958, check here ☒ and complete lines 26 through 30.						
	26	Capital stock, trust principal, or current funds					
	27	Paid-in or capital surplus, or land, bldg , and equipment fund					
	28	Retained earnings, accumulated income, endowment, or other funds	2,903,205	3,022,121			
	29	Total net assets or fund balances (see instructions)	2,903,205	3,022,121			
30	Total liabilities and net assets/fund balances (see instructions) .	2,903,205	3,022,121				

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 29 (must agree with end-of-year figure reported on prior year's return)	1	2,903,205
2	Enter amount from Part I, line 27a	2	-26,809
3	Other increases not included in line 2 (itemize) ▶ _____	3	145,725
4	Add lines 1, 2, and 3	4	3,022,121
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 29	6	3,022,121

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	92,080
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	

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))
2018	147,016	2,915,578	0 050424
2017	151,007	2,928,273	0 051569
2016	160,920	2,661,996	0 060451
2015	140,470	2,520,475	0 055732
2014	186,610	2,506,132	0 074461
2 Total of line 1, column (d)			2 0 292637
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 058527
4 Enter the net value of noncharitable-use assets for 2019 from Part X, line 5			4 3,077,695
5 Multiply line 4 by line 3			5 180,128
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 1,387
7 Add lines 5 and 6			7 181,515
8 Enter qualifying distributions from Part XII, line 4			8 161,609

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	2,774
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	2,774
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	2,774
6	Credits/Payments		
a	2019 estimated tax payments and 2018 overpayment credited to 2019	6a	3,256
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	3,256
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed ▶	9	
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid ▶	10	482
11	Enter the amount of line 10 to be Credited to 2020 estimated tax ▶ 482 Refunded ▶	11	

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). 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	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? If "Yes," attach a detailed description of the activities	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? If "Yes," attach a conformed copy of the changes	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? If "Yes," attach the statement required by General Instruction T	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? If "Yes," complete Part II, col (c), and Part XV	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? If "No," attach explanation .	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 2019 or the taxable year beginning in 2019? See the instructions for Part XIV. If "Yes," complete Part XIV	9	Yes
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	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 ► N/A	13	Yes	
14	The books are in care of ► FROST BANK TRUST DEPT Telephone no ► (409) 770-5665			

Located at **►** 2201 MARKET STREET 3RD FLOOR GALVESTON TXZIP+4 **►** 77550

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			
16	At any time during calendar year 2019, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes	No
	See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes", enter the name of the foreign country ►			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.**

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. ☐	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 2019? ☐	1c		
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 2019, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2019? ☐ 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 2019 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 2019).	3b		
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 2019?	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		Yes	No
(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	
	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? If "Yes," attach the statement required by Regulations section 53.4945–5(d)	☐ Yes ☐ No		
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No	6b	No
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 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	7b	
b	If "Yes", did the foundation receive any proceeds or have any net income attributable to the transaction?			
8	Is the foundation subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment during the year?	☐ Yes ☒ No		

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	(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
FROST BANK 2201 MARKET STREET 3RD FLOOR GALVESTON, TX 77550	TRUSTEE 4 00	52,066	0	0
RICHARD MANN FROST BANK 2201 MARKET 3RDFLOOR GALVESTON, TX 77550	DIRECTOR 0 16	0	0	0
REVEREND SUSAN KENNARD FROST BANK 2201 MARKET 3RD FLOOR GALVESTON, TX 77550	DIRECTOR 0 16	0	0	0
MAUREEN MCCUTCHEN FROST BANK 2201 MARKET 3RD FLOOR GALVESTON, TX 77550	DIRECTOR 0 16	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.		

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 PROVIDING INTEREST FREE LOANS TO QUALIFIED RESIDENTS OF GALVESTON, TEXAS, WHO ENROLL AS FULL-TIME STUDENTS AT AN INSTITUTION OF HIGHER LEARNING IN THE U S	161,609
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	2,659,112
b	Average of monthly cash balances.	1b	458,469
c	Fair market value of all other assets (see instructions).	1c	6,982
d	Total (add lines 1a, b, and c).	1d	3,124,563
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	3,124,563
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	46,868
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	3,077,695
6	Minimum investment return. Enter 5% of line 5.	6	153,885

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	
2a	Tax on investment income for 2019 from Part VI, line 5.	2a	
b	Income tax for 2019 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	
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	

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	161,609
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	161,609
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	161,609

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 2018	(c) 2018	(d) 2019
1 Distributable amount for 2019 from Part XI, line 7				
2 Undistributed income, if any, as of the end of 2019				
a Enter amount for 2018 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2019				
a From 2014.				
b From 2015.				
c From 2016.				
d From 2017.				
e From 2018.				
f Total of lines 3a through e.				
4 Qualifying distributions for 2019 from Part XII, line 4 ▶ \$ _____				
a Applied to 2018, 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 2019 distributable amount.				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2019 (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 2018 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2019 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2020				
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 2014 not applied on line 5 or line 7 (see instructions).				
9 Excess distributions carryover to 2020. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2015.				
b Excess from 2016.				
c Excess from 2017.				
d Excess from 2018.				
e Excess from 2019.				

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 2019, 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

	Prior 3 years				(e) Total
	(a) 2019	(b) 2018	(c) 2017	(d) 2016	
153,885	145,779	146,414	133,100	579,178	
b 85% of line 2a	130,802	123,912	124,452	113,135	492,301
c Qualifying distributions from Part XII, line 4 for each year listed	161,609	147,016	151,007	160,920	620,552
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	161,609	147,016	151,007	160,920	620,552
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.	102,590	97,186	97,609	88,733	386,118
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 Information Regarding Foundation Managers:

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

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

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

PEARCE EDUCATIONAL FOUNDATION
C/O FROST BANK PO BOX 8210
GALVESTON, TX 775538210
(409) 770-5665

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

SEE ATTACHED APPLICATION FORM

c Any submission deadlines

APPLICATIONS ACCEPTED JANUARY THROUGH MARCH EACH YEAR

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

AWARDS HAVE BEEN LIMITED TO WORTHY YOUNG PEOPLE OF GALVESTON TO OBTAIN COLLEGE &/OR PROFESSIONAL EDUCATION

Part XV **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> SEE ATTACHED LIST 2201 MARKET ST 3RD FLOOR GALVESTON, TX 77550	NONE	N/A	EDUCATIONAL	127,500
Total			▶ 3a	127,500
b <i>Approved for future payment</i>				
Total			▶ 3b	

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	9,429	
4 Dividends and interest from securities. . . .				14	59,511	
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.				15	88	
8 Gain or (loss) from sales of assets other than inventory				18	92,080	
9 Net income or (loss) from special events						
10 Gross profit or (loss) from sales of inventory						
11 Other revenue a _____						
b _____						
c _____						
d _____						
e _____						
12 Subtotal Add columns (b), (d), and (e). .					161,108	
13 Total. Add line 12, columns (b), (d), and (e). (See worksheet in line 13 instructions to verify calculations)				13		161,108

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

[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) (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) (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

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.

Sign Here	*****	2020-05-06	*****	May the IRS discuss this return with the preparer shown below? (see instr.) ☒ Yes ☐ No
	Signature of officer or trustee	Date	Title	

Paid Preparer Use Only	Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
	JOHN R MCKENNA JR		2020-05-06		P00618649
	Firm's name ▶ HEAD MAXWELL & MCKENNA LLP Firm's address ▶ 2200 MARKET ST STE 401 GALVESTON, TX 77550				

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)
INVESCO DEV MARKETS FD	P	2017-04-26	2019-07-24
AMERICAN BEACON STEPHENS	P		2019-07-24
COHEN & STEERS INSTL REALTY	P		2019-07-24
COHEN & STEERS INSTL REALTY	P	2017-01-11	2019-10-23
FROST LOW DURATION BOND FD	P		2019-07-24
FROST TOTAL RETURN BD FD	P		2019-07-24
HARDING LOEVNER INTL EQ FD INSTL	P	2017-01-04	2019-07-24
HARDING LOEVNER INTL EQ FD INSTL	P	2017-01-11	2019-07-24
VICTORY SMALL CO OPP FUND	P		2019-07-24

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)
31,967		28,675	3,292
91,047		90,882	165
82,185		78,897	3,288
15,138		13,153	1,985
24,600		24,426	174
87,522		87,816	-294
21,050		16,889	4,161
52,283		42,106	10,177
80,501		81,587	-1,086

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	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			3,292
			165
			3,288
			1,985
			174
			-294
			4,161
			10,177
			-1,086

TY 2019 Accounting Fees Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
PREPARATION OF FORM 990-PF	2,750	1,375	1,375	1,375

TY 2019 Investments - Other Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Investments Other Schedule 2

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
MUTUAL FUNDS	AT COST	2,508,765	2,772,008

TY 2019 Other Assets Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Other Assets Schedule

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
MINERAL INTERESTS	2	2	291
ACCRUED INTEREST/DIVIDEND RECEIVABLE	1,216	1,016	1,016

TY 2019 Other Expenses Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
D & O INSURANCE	658			
MINERAL INTEREST FEES	2	2	2	

TY 2019 Other Income Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
ROYALTY INCOME	88	88	88

TY 2019 Other Increases Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Description	Amount
REPAYMENTS OF PRIOR DISTRIBUTIONS	145,702
COST BASIS ADJUSTMENT	23

TY 2019 Taxes Schedule

Name: JACK AND KATHERINE PEARCE
EDUCATIONAL FOUNDATION

EIN: 74-6035546

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
PRODUCTION TAXES ON ROYALTY INC	4	4	4	
FOREIGN TAXES	1,364	1,364	1,364	
EXCISE TAX ON INVESTMENT INCOME	3,255			

FORM 990-PF, PART XV**LINE 3 (a), Loans Made During the Year****GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR ENDING DECEMBER 31, 2019**

<u>NAME</u>	<u>ADDRESS CITY, STATE & ZIP</u>	<u>AMOUNT</u>
Beall, Lauren Ashley	3407 Beall Ln. Galveston, TX 77554	\$ 5,000.00
Carroll, Ian	55 Campeche Circle Galveston, TX 77554	5,000.00
Carter, Cambrye Jordan	2111 74th St. Galveston, TX 77551	5,000.00
Conner, Reagan Nicole	4175 Pirates Beach Galveston, TX 77554	5,000.00
De Los Santos, Jimmy Jr	6701 Avenue B Santa Fe, TX 77510	5,000.00
Donlon, Elizabeth	1814 Ave L Galveston, TX 77550	5,000.00
Fickessen, Katie Suzanne	164 Barracuda St. Hitchcock, TX 77563	5,000.00
Henry, Jonathan	2605 Cedar Dr La Marque, TX 77568	5,000.00
Kusnerik, John	1621 Driftwood Lane Galveston, TX 77551	5,000.00
Lamb, Caleb Joseph	5520 S Tower Rd. Santa Fe, TX 77517	5,000.00
Livanec, Marie	17 Campeche Estates Dr Galveston, TX 77554	5,000.00
Lu, Evan Kien Thanh	2123 Victory Ave. Galveston, TX 77551	5,000.00
Mallia, Madeline Claire	1810 Avenue K Galveston, TX 77550	5,000.00
Metyko, Aaron Joseph	18 N. Dansby Dr. Galveston, TX 77551	5,000.00
Mitchell III, Larnell	3327 Pine Street Galveston, TX 77551	5,000.00
Mitchell, Taylor	3327 Pine Street Galveston, TX 77551	5,000.00

FORM 990-PF, PART XV**LINE 3 (a), Loans Made During the Year****GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR ENDING DECEMBER 31, 2019**

<u>NAME</u>	<u>ADDRESS CITY, STATE & ZIP</u>	<u>AMOUNT</u>
Morales, Drew Austin	2409 Gerol Dr. Galveston, TX 77551	5,000 00
Ojeda, Samantha	4211 Ave S Galveston, TX 77550	5,000.00
Peralta, Tristan	1335 Wahini Street Galveston, TX 77554	5,000.00
Pillar, Hannah	1517 4th Ave N Texas City, TX 77590	5,000.00
Raschke, David	P.O. Box 1943 Galveston, TX 77553	5,000.00
Reitmeyer, Mary Catherine Joan	5001 Crockett Blvd. Galveston, TX 77551	2,500.00
Springer, Anthony	2402 Gerol Dr Galveston, TX 77551	5,000.00
Springer, Camryn	2402 Gerol Dr Galveston, TX 77551	5,000 00
Thomas, Catherine Alia	7824 Beluche Dr. Galveston, TX 77551	5,000.00
Walsdorf, Samantha Leigh	5121 Avenue N 1/2 Galveston, TX 77551	5,000.00
		\$ <u>127,500 00</u>