

Form 990-PF

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C&E

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, 2017, and ending, 20

Name of foundation: Albert and Margaret Alkek Foundation. Employer identification number: 76-0491186. Telephone number: (713) 652-6601. Check type of organization: Section 501(c)(3) exempt private foundation. Accounting method: Cash.

Postmark Missing

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes. Rows include Revenue (1-12) and Operating and Administrative Expenses (13-26), ending with Adjusted net income of 1,101,080.

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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	306.	306.	306.
	2 Savings and temporary cash investments	1,480,193.	3,549,995.	3,549,995.
	3 Accounts receivable ▶ 736,858.			
	Less: allowance for doubtful accounts ▶ 0.	3,526,266.	736,858.	736,858.
	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)			
	b Investments—corporate stock (attach schedule)	46,508,960.	51,138,189.	78,842,688.
	c Investments—corporate bonds (attach schedule)	525,000.	525,000.	525,000.
	11 Investments—land, buildings, and equipment: basis ▶			
Less: accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)	129,219,934.	117,456,986.	161,741,979.	
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation (attach schedule) ▶	1,980.	0.	31,600.	
15 Other assets (describe ▶)	0.	0.	285.	
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	181,262,639.	173,407,334.	245,428,711.	
Liabilities	17 Accounts payable and accrued expenses	80.		
	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)	80.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 24 through 26, and lines 30 and 31.			
	24 Unrestricted	181,262,559.	173,407,334.	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> 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)	181,262,559.	173,407,334.		
31 Total liabilities and net assets/fund balances (see instructions)	181,262,639.	173,407,334.		

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	181,262,559.
2 Enter amount from Part I, line 27a		2	1,101,080.
3 Other increases not included in line 2 (itemize) ▶ See Statement		3	4,119,827.
4 Add lines 1, 2, and 3		4	186,483,466.
5 Decreases not included in line 2 (itemize) ▶ See attached schedule		5	13,076,132.
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30		6	173,407,334.

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 See attached statement				
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 24,875,640.	0.	16,921,240.	7,954,400.	
b				
c				
d				
e				
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) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any		
a			7,954,400.	
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	7,954,400.
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	{ 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 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	10,684,878.	224,549,081.	0.047584
2015	12,055,287.	237,282,784.	0.050806
2014	12,087,257.	237,855,551.	0.050818
2013	11,254,688.	222,324,491.	0.050623
2012	10,583,884.	210,815,917.	0.050204
2 Total of line 1, column (d)			2 0.250035
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 0.050007
4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5			4 236,042,537.
5 Multiply line 4 by line 3			5 11,803,779.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 108,694.
7 Add lines 5 and 6			7 11,912,473.
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 11,971,344.

3

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)		N/A	
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	108,694.	
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	108,694.	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)	4	0.	
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	108,694.	
6 Credits/Payments:				
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a	79,637.	
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c	75,000.	
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d	7	154,637.	
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8		
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	45,943.	
11	Enter the amount of line 10 to be: Credited to 2018 estimated tax ▶ 45,943. 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?		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?	x	
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 11 Yes No X
12 Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement. See instructions 12 Yes No X
13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address > www.alkek.org 13 X Yes No
14 The books are in care of > Scott Seaman Telephone no. > (713) 652-6601 Located at > 1100 Louisiana, Ste 5250 Houston TX ZIP+4 > 77002
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041—check here > 15 and enter the amount of tax-exempt interest received or accrued during the year > 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? 16 Yes No X See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country >

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

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

1a During the year, did the foundation (either directly or indirectly): (1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes No X (2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes No X (3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes No X (4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes No X (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 X (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 X
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 Yes No X Organizations relying on a current notice regarding disaster assistance, check here >
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2017? 1c Yes No 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? Yes No X 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 Yes No X
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? X 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 Yes No X
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a Yes No 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 Yes No X

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

		Yes	No
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))? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(3) Provide a grant to an individual for travel, study, or other similar purposes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
(4) Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? See instructions <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 <input type="checkbox"/>			
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? <input type="checkbox"/> Yes <input type="checkbox"/> 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? 7b			

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
See attached statement				

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
Iridian Asset Management LLC 276 Post Road West Stamford CT 06901	investment management	164,304.
Eagle Capital Management, LLC 499 Park Avenue New York NY 10022	investment management	125,621.
Wells Capital Management 525 Market Street, 10th Floor San Francisco CA 94105	investment management	130,196.
Polen Capital Management 1825 NW Corporate Blvd., Suite 300 Boca Raton FL 33431	investment management	88,691.
State Street Corporation 801 Pennsylvania Kansas City MO 64105	custody fees	86,789.
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 _____ _____	
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 _____ _____	
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	73,644,154.
b	Average of monthly cash balances	1b	6,756,481.
c	Fair market value of all other assets (see instructions)	1c	159,236,458.
d	Total (add lines 1a, b, and c)	1d	239,637,093.
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	239,637,093.
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	3,594,556.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	236,042,537.
6	Minimum investment return. Enter 5% of line 5	6	11,802,127.

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	11,802,127.
2a	Tax on investment income for 2017 from Part VI, line 5	2a	108,694.
b	Income tax for 2017. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	108,694.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	11,693,433.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	11,693,433.
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	11,693,433.

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	11,971,344.
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	11,971,344.
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	108,694.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	11,862,650.

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				11,693,433.
2 Undistributed income, if any, as of the end of 2017:				
a Enter amount for 2016 only			2,393,226.	
b Total for prior years: 20____,20____,20____				
3 Excess distributions carryover, if any, to 2017:				
a From 2012	0.			
b From 2013	0.			
c From 2014	0.			
d From 2015	0.			
e From 2016	0.			
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2017 from Part XII, line 4: ▶ \$ <u>11,971,344.</u>				
a Applied to 2016, but not more than line 2a			2,393,226.	
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				9,578,118.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2017 (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	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b. Taxable amount—see instructions		0.		
e Undistributed income for 2016. Subtract line 4a from line 2a. Taxable amount—see instructions			0.	
f Undistributed income for 2017. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2018				2,115,315.
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)	0.			
9 Excess distributions carryover to 2018. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2013	0.			
b Excess from 2014	0.			
c Excess from 2015	0.			
d Excess from 2016	0.			
e Excess from 2017	0.			

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	(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					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon:					
a "Assets" alternative test—enter:					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test—enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter:					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

- 1 Information Regarding Foundation Managers:**
 - a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)
None
 - b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.
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:

See Supplementary Information Statement
 - 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)				
a <i>Paid during the year</i> See attached statement				11,700,000.
Total ▶				3a 11,700,000.
b <i>Approved for future payment</i> See attached statement				12,058,700.
Total ▶				3b 12,058,700.

Schedule of Contributors

2017

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
 ▶ Go to www.irs.gov/Form990 for the latest information.

Name of the organization Albert and Margaret Alkek Foundation	Employer identification number 76-0491186
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Organization type (check one):

Filers of:

Section:

- Form 990 or 990-EZ 501(c)() (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization
- Form 990-PF 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions

Special Rules

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization Albert and Margaret Alkek Foundation	Employer identification number 76-0491186
---	---

Part I **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Margaret Alkek Charitable Lead Annuity Trust 1100 Louisiana St., Suite 5250 Houston TX 77002	\$ 1,563,036.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Albert and Margaret Alkek Foundation
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Page 1, Part I, Line 16a, b and c – Legal, Accounting & Other Professional Fees:

	(a) Expenses Per Books	(b) Net Investment Income	(d) Charitable Purposes
<u>16b – Accounting Fees</u>			
Audit Services	21,629	13,028	6,925
Tax Services	2,651	783	417
	24,280	13,811	7,342
<u>16c – Other Professional Fees</u>			
Investments: Management Fees	481,811	481,811	0
Investments: Custody Fees	86,789	85,810	0
	568,600	567,621	0

Page 1, Part I, Line 18 – Taxes:

	(a) Expenses Per Books	(b) Net Investment Income
Excise Tax Payments (Form 990-PF)	60,000	0
Production Taxes on an Oil and Gas Royalty Interest	11	11
	60,011	11

Page 1, Part I, Line 19 – Depreciation:

	(a) Expenses Per Books	(b) Net Investment Income
Straight line depreciation on Canon copier purchased January 1, 2013	1,980	1,193
	1,980	1,193

Page 1, Part I, Line 23 – Other Expenses:

	(a) Expenses Per Books	(b) Net Investment Income	(d) Charitable Purposes
<u>Pass-through Investments</u>			
K-1 Deductions	1,881,107	1,881,107	0
K-1 Deductions – UBTI	2,518,609	0	0
General and Administrative	13,217	6,470	4,404
Other Investment Expense	440	440	0
Oil and Gas Royalty Expense	29	29	0
	4,413,402	1,888,046	4,404

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Page 2, Part II, Line 3 – Accounts Receivable

	(b) <u>Book Value</u>	(c) <u>Fair Market Value</u>
Liquidation Receivable from Investment Partnerships	736,778	736,778
Expense Reimbursements Receivable	80	80
	<u>736,858</u>	<u>736,858</u>

Page 2, Part II, Line 10b – Investments – Corporate Stock:

	(b) <u>Book Value</u>	(c) <u>Fair Market Value</u>
Directly Held	18,246,557	29,344,433
Managed Accounts	32,891,632	49,498,255
	<u>51,138,189</u>	<u>78,842,688</u>

Page 2, Part II, Line 10c – Investments – Corporate Bonds:

	(b) <u>Book Value</u>	(c) <u>Fair Market Value</u>
Directly Held	525,000	525,000
	<u>525,000</u>	<u>525,000</u>

Page 2, Part II, Line 13 – Investments – Other:

	(b) <u>Book Value</u>	(c) <u>Fair Market Value</u>
Non-Marketable Corporate Equity Securities	2,467,374	275,800
US Partnerships, Corporations and Trusts	60,479,609	85,347,535
Non-US Partnerships and Corporations	54,510,002	76,118,644
	<u>117,456,985</u>	<u>161,741,979</u>

Page 2, Part II, Line 14 – Description of Land, Buildings, and Equipment

	<u>Cost Basis</u>	<u>Accumulated Depreciation</u>	(b) <u>Book Value</u>	(c) Fair <u>Market Value</u>
Furniture	265,537	265,537	0	30,000
Equipment	21,567	21,567	0	1,600
	<u>287,104</u>	<u>287,104</u>	<u>0</u>	<u>31,600</u>

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Page 2, Part III – Analysis of Changes in Net Assets or Fund Balances:

Line 3 – Other Increases Not Included in Line 2

Book/tax Differences in Investments	4,108,189
Tax-exempt Income	11,638
	<u>4,119,827</u>

Line 5 – Other Decreases Not Included in Line 2

Book/tax Differences in Investments	<u>13,076,132</u>
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Page 3, Part IV, Line 1 – Capital Gains and Losses for Tax on Investment Income:

	<u>(a) Description</u>	<u>(b) How Acquired</u>	<u>(c) Date Acquired</u>	<u>(d) Date Sold</u>
a	Publicly Traded Securities	Purchase	Various	Various
b	Capital Gain Dividends	Purchase	Various	Various
c	Pass-through K-1 Capital Gains	Purchase	Various	Various
d	Pass-through K-1 Capital Losses	Purchase	Various	Various
e	Non-US Hedge Funds	Purchase	Various	Various
f	Non-US Gains in Excess of Basis	Purchase	Various	Various

	<u>(e) Gross Sales Price</u>	<u>(f) Depreciation</u>	<u>(g) Cost Basis</u>	<u>(h) Gain or (loss)</u>
a	15,071,042		12,134,052	2,936,990
b	896,517		0	896,517
c	4,298,053		0	4,298,053
d	0		1,615,027	-1,615,027
e	3,583,193		3,172,161	411,032
f	1,026,835		0	1,026,835
	<u>24,875,640</u>		<u>16,921,240</u>	<u>7,954,400</u>

	<u>(i) FMV 12/31/69</u>	<u>(j) Adj Basis 12/31/69</u>	<u>(k) Excess</u>	<u>(l) Gain or (loss)</u>
a				2,936,990
b				896,517
c				4,298,053
d				-1,615,027
e				411,032
f				1,026,835
				<u>7,954,400</u>

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Page 6, Part VIII, Line 1 – Information About Officers and Directors:

(a) Name and Address	(b) Title and Average Hours Per Week Devoted to Position	(c) Compensation	(d) Contributions to Employee Benefit Plans
Bobby R Alford, MD	Director Periodic board meetings	3,750	0
Daniel C Arnold	Director Periodic board & committee meetings	4,500	0
Sandra Bacak	Assistant Secretary and Controller 40 Hours	123,500	14,950
Joe M Bailey	Director Periodic board & committee meetings	18,000	0
Paul Klotman, MD	Director Periodic board meetings	15,000	0
Scott B Seaman	Director, Treasurer, and Executive Director 15 – 40 Hours	371,500	0
Charles A Williams	Director and President 10 - 25 Hours	150,000	0
Margaret Alkek Williams	Director Periodic board meetings	15,000	0
Randa D Williams	Director Periodic board & committee meetings	18,000	0
		719,250	14,950

Part VIII, Column (a) 1100 Louisiana Street, Suite 5250, Houston, TX 77002
Part VIII, Column (d) Includes contributions to employee benefit plan and medical insurance premiums.
Part VIII, Column (e) Payments for expense accounts or other allowances. None

Page 10, Part XV, Line 2 – Information Regarding Grant Programs:

- | | | |
|----|-----------------------------|---|
| a. | Name and address. | Mr Charles Williams, President
Albert and Margaret Alkek Foundation
1100 Louisiana St , Suite 5250
Houston, TX 77002

713-652-6601 |
| b. | Application form. | See guidelines at www.alkek.org |
| c. | Submission deadline | None |
| d. | Restrictions or limitations | Limited to non-profit organizations in the State of Texas |

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Page 11, Part XV, Line 3a – Grants and Contributions Paid:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Medical</u>			
American Heart Association 10600 Buffalo Speedway Houston, TX 77054	PC	Operational support	25,000
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Department of Medicine	5,573,000
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Presidential Endowed Chair	1,000,000
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Center for Precision Environmental Health	1,000,000
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Ophthalmology and Otolaryngology Departments	250,000
Christus Foundation for Healthcare P O Box 1919 Houston, TX 77251	PC	Operational support	25,000
Heart Gift Foundation P O Box 691711 Houston, TX 77269	PC	Operational support	25,000
The Methodist Hospital Foundation P O. Box 4384 Houston, TX 77210	SO I	Center for Performing Arts Medicine	250,000
Texas A&M Foundation Clinical Building 1, Suite 1100 1359 TAMU, 8441 State Hwy 47 Bryan, TX 77807	GOV	Engineering Medicine Program for Texas A&M Colleges of Medicine and Engineering	150,000
The University of Texas MD Anderson Cancer Center PO Box 4486 Houston, TX 77210	GOV	Neurodegeneration Consortium	1,000,000
			9,298,000

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Educational</u>			
Citizen Schools 3300 S Gessner, Suite 110 Houston, TX 77063	PC	Operational support	25,000
Episcopal High School 4650 Bissonnet St Bellaire, TX 77401	PC	Scholarships	56,000
KIPP Inc 10711 KIPP Way Houston, TX 77099	PC	Operational support	55,000
Southwestern University P O Box 770 Georgetown, TX 78627-0770	PC	Scholarships	100,000
St Edward's University 3001 South Congress Ave Austin, TX 78704	PC	Scholarships	25,000
St Mary's University One Camino Santa Maria San Antonio, TX 78228	PC	Mechanical Engineering Department	200,000
Texas A&M University-Kingsville Foundation 700 University Blvd, MSC 218 Kingsville, TX 78363	GOV	Caesar Kleberg Wildlife Research Center	25,000
Texas State University-San Marcos 601 University Dr San Marcos, TX 78666	GOV	Construction of the Learning Commons in the Albert B Alkek Library	200,000
TMI – The Episcopal School of Texas 20955 W Tejas Trail San Antonio, TX 78257	PC	Scholarships	190,000
Yellowstone Academy 3000 Trulley Street Houston, TX 77004	PC	Operational support	25,000
			901,000

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community</u>			
Amazing Place 3735 Drexel Drive Houston, TX 77027	PC	Operational support	20,000
American Red Cross – Texas Gulf Coast Region 2700 Southwest Freeway Houston, TX 77098	PC	Purchase of an emergency response vehicle	50,000
Bandera County Young Life P O Box 1751 Bandera, TX 78003	PC	Operational support	30,000
Bandera Public Library Corporation P O Box 1568 Bandera, TX 78003	PC	Operational support	2,500
Baylor College of Medicine One Baylor Plaza, MS: BCM 160 Houston, TX 77030	PC	BCM Wellness 5K Race/Walk	10,000
Bo's Place 10050 Buffalo Speedway Houston, TX 77054	PC	Operational support	15,000
Bobwhite Brigade dba Texas Brigades 3660 Thousand Oaks Drive, No 126 San Antonio, TX 78247	PC	Matching grant for operational support contributions	60,000
Boys and Girls Club of Bandera County P O Box 3155 Bandera, TX 78003	PC	Operational support and matching grant	60,000
The Brookwood Community 1752 FM 1489 Brookshire, TX 77423	PC	Capital campaign	300,000
The Center Foundation 3550 West Dallas Houston, TX 77019	PC	Capital campaign	25,000
DePelchin Children's Center 4950 Memorial Drive Houston, TX 77007	PC	Operational support	300,000
Halo House 4010 Blue Bonnet Blvd. #110 Houston, TX 77025	PC	Capital campaign	25,000
Hope and Healing Center and Institute 717 Sage Road Houston, TX 77056	PC	Operational support	50,000

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Page 11, Part XV, Line 3a – Grants and Contributions Paid, Continued

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
<u>Community, Continued:</u>			
Houston Golf Association 5810 Wilson Road, Suite 112 Humble, TX 77396	PC	Capital campaign	50,000
The Lighthouse of Houston 3602 West Dallas Houston, TX 77019	PC	Capital campaign	200,000
The Nature Conservancy 200 E Grayson St, Suite 202 San Antonio, TX 78215	PC	Operational support	100,000
Pathways for Little Feet 8 Greenway Plaza, Suite 1000 Houston, TX 77046	PC	Operational support	10,000
Pro-Vision, Inc 4590 Wilmington Street Houston, Texas 77051	PC	Capital campaign	25,000
St Christopher's Episcopal Church Box 314 Bandera, TX 78003	PC	Operational support	63,500
Sunshine Kids Foundation 2814 Virginia St. Houston, TX 77098	PC	Operational support	15,000
			1,411,000
<u>Cultural:</u>			
The John P McGovern Museum of Health and Medical Science 1515 Hermann Drive Houston, TX 77004	PC	General Operations	25,000
River Oaks Chamber Orchestra 1973 West Gray Houston, TX 77027	PC	Operational support	65,000
			90,000
			11,700,000

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Page 11, Part XV, Line 3b – Grants and Contributions Approved for Future Payment:

<u>Recipient Name and Address</u>	<u>Recipient Status</u>	<u>Purpose of Grant or Contribution</u>	<u>Amount</u>
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Department of Medicine	2,208,700
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Center for Precision Environmental Health	4,200,000
Baylor College of Medicine One Baylor Plaza, MS BCM 160 Houston, TX 77030	PC	Presidential Endowed Chair	1,800,000
Houston Ballet Foundation 601 Preston Street Houston, TX 77002	PC	Jubilee of Dance Endowment	2,500,000
The Methodist Hospital Foundation P O. Box 4384 Houston, TX 77210	SO I	Center for Performing Arts Medicine Endowment	250,000
Texas A&M Foundation Clinical Building 1, Suite 1100 1359 TAMU, 8441 State Hwy 47 Bryan, TX 77807	GOV	Engineering Medicine Program for Texas A&M Colleges of Medicine and Engineering	300,000
Texas State University-San Marcos 601 University Dr San Marcos, TX 78666	GOV	Construction of the Learning Commons in the Albert B Alkek Library	800,000
			12,058,700