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Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2010

For calendar year 2010, or tax year beginning 09/01/10 , and ending 08/31/11

G Check all that apply: [ ] Initial return [ ] Initial return of a former public charity [ ] Final return
[X] Amended return [ ] Address change [ ] Name change

Name of foundation
THE ED RACHAL FOUNDATION

Number and street (or P O box number if mail is not delivered to street address): 500 N. Shoreline Blvd — Room/suite: 606

City or town, state, and ZIP code: Corpus Christi TX 78401

A Employer identification number: 74-1116595

B Telephone number (see page 10 of the instructions): 361-881-9040

C If exemption application is pending, check here ▶ [ ]

D 1. Foreign organizations, check here ▶ [ ]

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ [ ]

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ [ ]

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ [ ]

H Check type of organization: [X] Section 501(c)(3) exempt private foundation
[ ] Section 4947(a)(1) nonexempt charitable trust [ ] Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ $ 101,888,249

J Accounting method: [ ] Cash [X] Accrual
[ ] Other (specify)
(Part I, column (d) must be on cash basis)

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 page 11 of the 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 ▶ [X] if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	30	30	30	
	4	Dividends and interest from securities	1,407,007	1,407,007	1,407,007	
	5a	Gross rents	98,424	98,424	98,424	
	b	Net rental income or (loss) 98,424				
	6a	Net gain or (loss) from sale of assets not on line 10	-135,657			
	b	Gross sales price for all assets on line 6a 10,121,127				
	7	Capital gain net income (from Part IV, line 2)		0		
	8	Net short-term capital gain			0	
	9	Income modifications				
	10a	Gross sales less returns & allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule) Stmt 1	17,074,410	17,730,817	17,074,410	
	12	**Total.** Add lines 1 through 11	18,444,214	19,236,278	18,579,871	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	333,000	185,172		147,828
	14	Other employee salaries and wages	49,952	24,976		24,976
	15	Pension plans, employee benefits	60,942	30,471		30,471
	16a	Legal fees (attach schedule) See Stmt 2	12,567	12,567		
	b	Accounting fees (attach schedule) Stmt 3	19,185	15,348		3,837
	c	Other professional fees (attach schedule) Stmt 4	72,878	71,258		1,620
	17	Interest				
	18	Taxes (attach schedule) (see page 14 of the instructions) Stmt 5	534,999	532,802		2,197
	19	Depreciation (attach schedule) and depletion Stmt 6	40,214	40,214		
	20	Occupancy	29,786	14,893		14,893
	21	Travel, conferences, and meetings	9,282	3,713		5,569
	22	Printing and publications				
	23	Other expenses (att. sch) Stmt 7	148,854	37,549		111,305
	24	**Total operating and administrative expenses.** Add lines 13 through 23	1,311,659	968,963	0	342,696
	25	Contributions, gifts, grants paid	4,144,513			4,144,513
	26	**Total expenses and disbursements.** Add lines 24 and 25	5,456,172	968,963	0	4,487,209
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	12,988,042			
	b	**Net investment income** (if negative, enter -0-)		18,267,315		
	c	**Adjusted net income** (if negative, enter -0-)			18,579,871	

5914

For Paperwork Reduction Act Notice, see page 30 of the instructions. Form **990-PF** (2010)

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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	1,929,650	4,839,489	4,839,490
	2	Savings and temporary cash investments	3,323,000	1,396,000	1,396,000
	3	Accounts receivable ▶ 989,412			
		Less allowance for doubtful accounts ▶	1,181,547	989,412	989,412
	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 page 15 of the instructions)			
	7	Other notes and loans receivable (att. schedule) ▶ See Wrk 15,480			
		Less allowance for doubtful accounts ▶ 0		15,480	15,480
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	28,966	2,126	2,126
	10a	Investments—U S and state government obligations (attach schedule) Stmt 8	19,057,773	17,979,853	18,976,025
	b	Investments—corporate stock (attach schedule) See Stmt 9	737,626	737,626	737,626
	c	Investments—corporate bonds (attach schedule) See Stmt 10	10,476,268	17,472,815	18,097,535
	11	Investments—land, buildings, and equipment basis ▶ 7,279,339			
		Less accumulated depreciation (attach sch) ▶ Stmt 11 38,559	185,260	7,240,780	7,066,050
	12	Investments—mortgage loans	14,015,163	14,268,505	14,268,505
	13	Investments—other (attach schedule)			
	14	Land, buildings, and equipment basis ▶ 1,066,201			
		Less accumulated depreciation (attach sch) ▶ Stmt 12 395,179	597,809	671,022	
	15	Other assets (describe ▶ See Statement 13)			35,500,000
	16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	51,533,062	65,613,108	101,888,249
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 ▶ See Statement 14)	172,071	629,878	
	23	**Total liabilities** (add lines 17 through 22)	172,071	629,878	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here** ▶ [X] **and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted	51,360,991	64,983,230	
	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 page 17 of the instructions)	51,360,991	64,983,230	
	31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	51,533,062	65,613,108	

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	51,360,991
2	Enter amount from Part I, line 27a	2	12,988,042
3	Other increases not included in line 2 (itemize) ▶ See Statement 15	3	817,114
4	Add lines 1, 2, and 3	4	65,166,147
5	Decreases not included in line 2 (itemize) ▶ See Statement 16	5	182,917
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	64,983,230

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 Worksheet			
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				
b				
c				
d				
e				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
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	-135,657
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 pages 13 and 17 of the instructions) If (loss), enter -0- in Part I, line 8	3	-444,136

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 page 18 of 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))
2009	3,198,714	55,876,805	0.057246
2008	2,449,028	49,902,276	0.049076
2007	2,028,286	39,948,349	0.050773
2006	1,977,585	36,507,932	0.054169
2005	2,024,044	38,358,851	0.052766

2 **Total** of line 1, column (d)	2	0.264030
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	0.052806
4 Enter the net value of noncharitable-use assets for 2010 from Part X, line 5	4	96,526,303
5 Multiply line 4 by line 3	5	5,097,168
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	182,673
7 Add lines 5 and 6	7	5,279,841
8 Enter qualifying distributions from Part XII, line 4	8	4,638,181

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 on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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	365,346
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	365,346
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	365,346
6	Credits/Payments				
a	2010 estimated tax payments and 2009 overpayment credited to 2010	6a	225,350		
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 See Statement 17		(46,277)	7	179,073
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	186,273
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	
11	Enter the amount of line 10 to be **Credited to 2011 estimated tax** ▶ **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		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	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			
c	Did the foundation file **Form 1120-POL** for this year?	1c		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.	2		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	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	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		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?	6	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	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the 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	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 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities (continued)

			Yes	No
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 page 20 of the instructions) See Statement 18	11	X	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ www.edrachal.org

14 The books are in care of ▶ Paul D. Altheide Telephone no ▶ 361-881-9040
500 N Shoreline, Suite 606
Located at ▶ Corpus Christi TX ZIP+4 ▶ 78401

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 |

			Yes	No
16	At any time during calendar year 2010, 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		X
	See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 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. | | Yes | No |

1a During the year did the foundation (either directly or indirectly)

(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ 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

			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 page 22 of the instructions)?	1b		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 2010? N/A	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? ☐ Yes ☒ No

If "Yes," list the years ▶ 20 , 20 , 20 , 20

			Yes	No
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see page 22 of the instructions) N/A	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

			Yes	No
b	If "Yes," did it have excess business holdings in 2010 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 2010.)	3b		X
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2010?	4b		X

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

5a	During the year did the foundation pay or incur any amount to				
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes ☒ No			
	(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☒ No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☒ No			
	(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the 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 page 22 of the instructions)?	N/A	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?	N/A ☐ Yes ☐ No			
	If "Yes," attach the statement required by Regulations section 53 4945-5(d)				
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b		X
	If "Yes" to 6b, file Form 8870				
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No			
b	If Yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	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 page 22 of the 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 Statement 19				

2 Compensation of five highest-paid employees (other than those included on line 1 — see page 23 of the 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 page 23 of the instructions). If none, enter "NONE."

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

Total number of others receiving over $50,000 for professional services ▶ 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 Expenses and capital improvements incurred in developing a retreat center for qualifying civic, community and not-for-profit organizations.	150,972
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see page 24 of the 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 page 24 of the instructions 3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	48,963,826
b	Average of monthly cash balances	1b	5,164,371
c	Fair market value of all other assets (see page 25 of the instructions)	1c	43,868,050
d	**Total** (add lines 1a, b, and c)	1d	97,996,247
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	97,996,247
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	1,469,944
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	96,526,303
6	**Minimum investment return.** Enter 5% of line 5	6	4,826,315

Part XI Distributable Amount (see page 25 of the 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	4,826,315
2a	Tax on investment income for 2010 from Part VI, line 5	2a	365,346		
b	Income tax for 2010 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	365,346
3	Distributable amount before adjustments Subtract line 2c from line 1			3	4,460,969
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	4,460,969
6	Deduction from distributable amount (see page 25 of the instructions)			6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1			7	4,460,969

Part XII Qualifying Distributions (see page 25 of the 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	4,487,209
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	150,972
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	4,638,181
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 page 26 of the instructions)	5	0
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	4,638,181

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 page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7				4,460,969
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only			519,222	
b Total for prior years: 20 ____ , 20 ____ , 20 ____				
3 Excess distributions carryover, if any, to 2010:				
a From 2005				
b From 2006				
c From 2007				
d From 2008				
e From 2009				
f **Total** of lines 3a through e				
4 Qualifying distributions for 2010 from Part XII, line 4: ▶ $ 4,638,181				
a Applied to 2009, but not more than line 2a			519,222	
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2010 distributable amount				4,118,959
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2010 (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 page 27 of the instructions				
e Undistributed income for 2009 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011				342,010
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2005 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 **Excess distributions carryover to 2011.** Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9:				
a Excess from 2006				
b Excess from 2007				
c Excess from 2008				
d Excess from 2009				
e Excess from 2010				

Part XIV Private Operating Foundations (see page 27 of the 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 2010, 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	Prior 3 years			
	(a) 2010	(b) 2009	(c) 2008	(d) 2007	(e) Total
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 page 28 of the 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))

N/A

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

N/A

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 page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

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

Paul D. Altheide 361-881-9040
500 N. Shoreline Blvd, Suite 606 Corpus Christi TX 78401

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

No specified form.

c Any submission deadlines

No specified deadlines.

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

Limited geographically to the State of Texas.

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 Paid during the year See Statement 20				4,144,513
Total			▶ 3a	4,144,513
b Approved for future payment N/A				
Total			▶ 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income (See page 28 of the instructions)
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	30	
4 Dividends and interest from securities			14	1,407,007	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property			16	98,424	
6 Net rental income or (loss) from personal property					
7 Other investment income			15	17,730,817	
8 Gain or (loss) from sales of assets other than inventory			25	-135,657	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b Galveston Bay Biodiesel, LP	900099	55,809			
c Standard Renewable Energy Grp	900099	-89,011			
d Galveston - Passive Loss CO	900099	-342,107			
e SREG - Passive Loss CO	900099	-281,098			
12 Subtotal Add columns (b), (d), and (e)		-656,407		19,100,621	0

13 **Total.** Add line 12, columns (b), (d), and (e) 13 18,444,214

(See worksheet in line 13 instructions on page 29 to verify calculations)

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 page 29 of the instructions)
N/A	

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

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

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
N/A			

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
ERF Real Estate Inc.	501(C)(2)	See General Footnote
TIN 20-2661759		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accom[redacted]
belief, it is true, correct, and complete Declaration of preparer (other than taxpayer o[redacted]

/ David D Altheide
Signature of officer or trustee

Paid Preparer Use Only

Print/Type preparer's name: Jerry D. Spence
Preparer's [redacted]
Firm's name ▶ Gowland, Strealy, Morales [redacted]
Firm's address ▶ 5934 South Staples, Suite [redacted]
Corpus Christi, TX 78413 [redacted]

Form 990-PF	Capital Gains and Losses for Tax on Investment Income For calendar year 2010, or tax year beginning 09/01/10 , and ending 08/31/11	2010

Name	Employer Identification Number
THE ED RACHAL FOUNDATION	74-1116595

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	Investments	P	09/01/09	08/31/11
(2)	Investments	P	09/01/10	08/31/11
(3)	Long-Term Gain from Pass-thru Entity	P	09/01/09	08/31/11
(4)	Galveston Bay BioDiesel	P	07/01/09	08/31/11
(5)	Galveston Bay BioDiesel - Sec 1231	P	07/01/09	08/31/11
(6)	Standard Renewable Energy - Sec 1231	P	09/01/09	08/31/11
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

	(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)
(1)	8,953,240		8,945,739	7,501
(2)	857,775		840,215	17,560
(3)	310,112			310,112
(4)			9,134	-9,134
(5)			274,834	-274,834
(6)			186,862	-186,862
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)				7,501
(2)				17,560
(3)				310,112
(4)				-9,134
(5)				-274,834
(6)				-186,862
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

Forms
990 / 990-PF

Other Notes and Loans Receivable

2010

For calendar year 2010, or tax year beginning 09/01/10 , and ending 08/31/11

Name	Employer Identification Number
THE ED RACHAL FOUNDATION	74-1116595

Form 990-PF, Part II, Line 7 - Additional Information

	Name of borrower	Relationship to disqualified person
(1)	Loan Receivable	
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Original amount borrowed	Date of loan	Maturity date	Repayment terms	Interest rate
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

	Security provided by borrower	Purpose of loan
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		

	Consideration furnished by lender	Balance due at beginning of year	Balance due at end of year	Fair market value (990-PF only)
(1)			15,480	15,480
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
Totals			15,480	15,480

Form 990-PF - General Footnote

Description
See Attached Letter and Schedule for Amended Return. Amended Return is being filed to adjust the fair market value of the Mineral Interest. ERF Real Estate, Inc., TIN 20-2661759, is a wholly owned subsidiary of the Ed Rachal Foundation. It was formed to hold real estate owned by the Ed Rachal Foundation. It has the same directors and officers as the Ed Rachal Foundation. The consolidated return includes all activity including activity of ERF Real Estate, Inc. pursuant to Code Sec 1504(e).

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Lease Bonus & Surface Damages	$ 96,033	$ 96,033	$ 96,033
Miscellaneous Income	476	476	476
Oil & Gas Royalties	17,634,308	17,634,308	17,634,308
Galveston Bay Biodiesel, LP	55,809		55,809
Standard Renewable Energy Grp	-89,011		-89,011
Galveston - Passive Loss CO	-342,107		-342,107
SREG - Passive Loss CO	-281,098		-281,098
Total	$ 17,074,410	$ 17,730,817	$ 17,074,410

Statement 2 - Form 990-PF, Part I, Line 16a - Legal Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Legal Fees	$ 12,567	$ 12,567	$	$
Total	$ 12,567	$ 12,567	$ 0	$ 0

Statement 3 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Accounting Fees	$ 19,185	$ 15,348	$	$ 3,837
Total	$ 19,185	$ 15,348	$ 0	$ 3,837

Federal Statements

Statement 4 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Consulting	$ 54,356	$ 52,736	$	$ 1,620
Consulting - Galvan	18,522	18,522		
Total	$ 72,878	$ 71,258	$ 0	$ 1,620

Statement 5 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Ad Valorem Taxes - Exempt Prop	$ 2,615	$ 418	$	$ 2,197
Ad Valorem Taxes - Non Exempt Pr	532,384	532,384		
Total	$ 534,999	$ 532,802	$ 0	$ 2,197

Statement 6 - Form 990-PF, Part I, Line 19 - Depreciation

Description							
Date Acquired	Cost Basis	Prior Year Depreciation	Method	Life	Current Year Depreciation	Net Investment Income	Adjusted Net Income
Per Schedule							
	$	$ 98,978			$ 40,214	$ 40,214	$
Total	$ 0	$ 98,978			$ 40,214	$ 40,214	$ 0

Statement 7 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
	$	$	$	$
Expenses				
Auto Expense	156	16		140
Contract Labor	22,990			22,990
Fuel & Oil - La Copa	7,168			7,168

Statement 7 - Form 990-PF, Part I, Line 23 - Other Expenses (continued)

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Insurance - Auto & Office	$ 14,185	$ 3,546	$	$ 10,639
Insurance - Liab & Wrk Comp	204	51		153
Insurance - Ranch	860			860
Investment Commission Expense	8,064	8,064		
Miscellaneous				
Office Expense	10,225	5,112		5,113
Other Employee Expense	40,478	4,048		36,430
Postage	451	225		226
Ranch Supplies	4,994			4,994
Repairs & Maintenance	11,789			11,789
Seminars Dues & Fees	5,066	2,533		2,533
Subscriptions	1,669	834		835
Utilities & Telephone - Ranch	5,643			5,643
Utilities & Telephone - Other	3,583	1,791		1,792
Investment Depreciation	11,329	11,329		
Total	$ 148,854	$ 37,549	$ 0	$ 111,305

Statement 8 - Form 990-PF, Part II, Line 10a - US and State Government Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
U. S. Treasury Obligations	$ 19,057,773	$ 17,979,853	Cost	$ 18,976,025
Total	$ 19,057,773	$ 17,979,853		$ 18,976,025

Statement 9 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Mutual Funds & Equities	$ 737,626	$ 737,626	Market	$ 737,626
Total	$ 737,626	$ 737,626		$ 737,626

Statement 10 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Corporate Bonds	$ 10,476,268	$ 17,472,815	Cost	$ 18,097,535
Total	$ 10,476,268	$ 17,472,815		$ 18,097,535

Statement 11 - Form 990-PF, Part II, Line 11 - Land, Building, and Equipment Investments

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
	$ 185,260	$ 7,279,339	$ 38,559	$ 7,066,050
Total	$ 185,260	$ 7,279,339	$ 38,559	$ 7,066,050

Statement 12 - Form 990-PF, Part II, Line 14 - Land, Building, and Equipment

Description	Beginning Net Book	End Cost / Basis	End Accumulated Depreciation	Net FMV
Buildings & Equipment Exempt	$ 510,294	$ 978,686	$ 395,179	$
Land - La Copa	87,515	87,515		
Total	$ 597,809	$ 1,066,201	$ 395,179	$ 0

Statement 13 - Form 990-PF, Part II, Line 15 - Other Assets

Description	Beginning of Year	End of Year	Fair Market Value
Mineral Interest	$	$	$ 35,500,000
Total	$ 0	$ 0	$ 35,500,000

Statement 14 - Form 990-PF, Part II, Line 22 - Other Liabilities

Description	Beginning of Year	End of Year
Accrued Vacation & Sick Leave	$ 172,071	$ 212,085
Accrued Ad Valorem Taxes		417,793
Total	$ 172,071	$ 629,878

Statement 15 - Form 990-PF, Part III, Line 3 - Other Increases

Description	Amount
Prior Yr Partnership Losses	$ 623,205
Unrealized Gain on Investments	193,909
Total	$ 817,114

Statement 16 - Form 990-PF, Part III, Line 5 - Other Decreases

Description	Amount
Excise Tax Expense	$ 182,888
Non Deductible Expenses	29
Total	$ 182,917

Federal Statements

Statement 17 - Form 990-PF, Part VI, Line 7 - Amended Return Payments

Description	Amount
Amount applied to 8/31/12	$ -46,277
Total	$ -46,277

Federal Statements

Statement 18 - Form 990-PF, Part VII-A, Line 11a - Controlled Entity Information

Name / Address	EIN	Description	Amount
Transfers to Controlled Entities			$
ERF Real Estate, Inc. 500 N. Shoreline Blvd., Suite 606 Corpus Christi TX 78401	20-2661759	Transfer for purchase of land	6,978,668
		ERF Real Estate, Inc. TIN 20-2661759, is a wholly subsidiary of the Ed Rachal Foundation. It was formed to hold real estate owned by the Ed Rachal Foundation. The consolidated return includes all activity including activity of ERF Real Estate, Inc. pursuant to Code Sec 1504(e).	
Total			$ 6,978,668

Statement 19 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees, Etc.

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
Paul D. Altheide 202 Del Mar Blvd. Corpus Christi TX 78404	CEO/Secretar	40.00	221,000	0	0
Robert L. Walker 8412 Whiterose Court College Station TX 77845	Vice Chair	4.00	28,000	0	0
John D. White 4028 Overbrook Lane Houston TX 77027	Chairman	4.00	28,000	0	0
E. Richard Schendel 413 Colony Corpus Christi TX 78412	Treasurer	4.00	28,000	0	0
David L. Hoyer 2610 Pebble Bow San Antonio TX 78232	Vice Treasur	4.00	28,000	0	0
Kenneth W. Trawick 115 Wynden Trace Houston TX 77056	Advisory Mem	4.00	0	0	0

Federal Statements

Form 990-PF, Part XV, Line 2b - Application Format and Required Contents

Description
No specified form.

Form 990-PF, Part XV, Line 2c - Submission Deadlines

Description
No specified deadlines.

Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description
Limited geographically to the State of Texas.

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

Name / Address	Address / Relationship	Status	Purpose	Amount
George Bush Library Found College Station TX 77845	1000 George Bush Drive W None	Exempt	Educational Programs	5,000
The Cattery Corpus Christi TX 78468	P. O. Box 8575 None	Exempt	Operational Funds	8,000
CASA of the Coastal Bend Corpus Christi TX 78403	P.O. Box 4 None	Exempt	Operating Funds	20,000
Texas Czech Heritage/Cult La Grange TX 78945	P.O. Box 6 None	Exempt	Museum/Library Development	25,000
Stephen F. Austin State U Nacogdoches TX 75962	P.O. Box 6092 None	Exempt	Education Certification Project	25,000
Texas A&M University College Station TX 77843	1227 TAMU None	Exempt	Corps of Cadets Leadership	50,000
Marine Military Academy Harlingen TX 78550	320 Iwo Jima Blvd. None	Exempt	No Texas Cadet Left Behind	75,000
Bo's Place Houston TX 77054	10050 Buffalo Speedway None	Exempt	Little Friends Group	30,000
Nueces County 4-H Trap Corpus Christi TX 78427	P. O. Box 271052 None	Exempt	4-H Shooting Sports/Purchase Bullets	10,000
Brooks County Sheriff's Falfurrias TX 78355	P.O. Box 558 None	Exempt	Full Coverage Communication	35,905
Hill Country Daily Bread Boerne TX 78006	234 West Banders Rd, #133 None	Exempt	Sharing in the Harvest Capital Campa	15,000
University of Texas-Pan A Edinburg TX 78539	1201 West University Dr. None	Exempt	Scholarships	20,000
Casa of Kleberg County Kingsville TX 78364	P.O. Box 1658 None	Exempt	Brush Country CASA	5,000
Brooks County I.S.D. Falfurrias TX 78355	P.O. Box 589 None	Exempt	Falfurrias FFA Scholarships	5,000
Texas A&M University College Station TX 77843	4222 TAMU None	Exempt	Faculty Fellowship	50,000
C.C. Police Athletic Leag Corpus Christi TX 78469	P.O. Box 9572 None	Exempt	PAL Central & West Upgrades	25,000
Foster Angels of South TX Corpus Christi TX 78480	P.P. Box 18863 None	Exempt	Assistance to Children in Foster Car	40,000
Rob&Bessie Welder Wildlif Sinton TX 78387	P.O. Box 1400 None	Exempt	Salary for Educator Project Assistan	35,000

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
YWCA of Corpus Christi / Corpus Christi TX 78411	4601 Corona Dr. / None	Exempt	YW Teen Program	11,016
Lower Laguna Madre Founda / Port Mansfield TX 78598	P.O. Box 153 / None	Exempt	Birds of the Lower Laguna Madre	30,000
Presbyterian Children's H / Austin TX 78746	4407 Bee Cave Rd, St. 520 / None	Exempt	C. C. Child and Family Program	100,000
Women's Shelter of S. Tx / Corpus Christi TX 78463	P.O. Box 3368 / None	Exempt	Emergency Shelter/Supportive Service	20,000
Tx Retired Teachers Resid / Waco TX 78710	5400 Laurel Lake Drive / None	Exempt	Wellnes Center	20,000
Christian Education Activ / Corpus Christi TX 78412	700 Ocean Drive / None	Exempt	Expansion of Theological Library	20,000
Mary McLeod Bethune Day C / Corpus Christi TX 78401	900 Kinney Street / None	Exempt	Child Care Services	10,000
Salvation Army / Corpus Christi TX 78403	P.O. Box 2507 / None	Exempt	Surviving the NIght Mobile Canteen	15,000
Texas A&M University Unde / College Station TX 77843	1125 TAMU / None	Exempt	South Texas Parent Program	25,000
Manned Space Flight Ed. / Houston TX 77058	1601 NASA Parkway / None	Exempt	Exploration Academy	40,000
Art Community Center C.C. / Corpus Christi TX 78401	100 Shoreline Blvd. / None	Exempt	Operation Funds	5,000
Children at Risk / Houston TX 77027	2900 Weslayan, Suite 400 / None	Exempt	Salary for new Policy Coordinator	25,000
Brazoria County Alliance / Angleton TX 77515	805 Buchta Rd. / None	Exempt	Forensic Interviewing Equip	21,017
Good Samaritan Rescue Mis / Corpus Christi TX 78403	P.O. Box 65 / None	Exempt	Homeless Shelter & Diner	25,000
Sea City Work Camp / Corpus Christi TX 78460	P.O. Box 10449 / None	Exempt	Work Camp 2011	5,000
Sprit Center / Corpus Christi TX 78404	2930 S, Alameda / None	Exempt	Capital Campaign	10,000
Coastal Bend Kidney Found / Corpus Christ TX 78469	P.O. Box 9172 / None	Exempt	Salary for Office Clerk	6,032
C.C. Area Council / Deaf / Corpus Christi TX 78411	5151 McArdle Road / None	Exempt	Adult Literacy Project	5,120

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Coastal Bend Alcohol/Drug Corpus Christi TX 78469	P.O. Box 4996 None	Exempt	DSHS Matching Funds	20,000
Texas Parks and Wildlife Mathis TX 78368	P.O.Box 1167 None	Exempt	Fishing Derby	3,500
Houston Technology Center Houston TX 77002	410 Pierce Street None	Exempt	Gulf Coast Innovation Conference	25,000
Kingdom Ranch Snook TX 77878	P.O. Box 474 None	Exempt	Operational Funds	50,000
Council on Foundations Baltimore MD 21275	P.O. Box 75661 None	Exempt	Grant in lieu of Dues	4,990
A&M Church of Christ College Station TX 77845	2475 Earl Rudder Fwy. S. None	Exempt	Special Projects/R.L. Walker	25,000
University of Texas Found Austin TX 78767	P.O. Box 250 None	Exempt	GeoForce	20,000
Incarnate Word Academy Corpus Christi TX 78404	2920 S. Alameda None	Exempt	Tuition Assistance/Elementary Level	35,000
C. C. Hope House Corpus Christi TX 78404	658 Robinson Street None	Exempt	Homeless Shelter	15,000
Institute of Nautical Arc College Station TX 77841	P.O. Drawer HG None	Exempt	INA Publication & Outreach	50,000
Brazos Valley Cornerstone College Station TX 77845	2475 Earl Rudder Freeway None	Exempt	Educational Expansion	50,000
Texas A&M University Pres College Station TX 77843	4354 TAMU None	Exempt	Operational Fund	50,000
Hammons Education Leaders Corpus Christi TX 78413	4833 Saratoga, #447 None	Exempt	On-Site Mentoring Program	10,000
Search Houston TX 77002	2505 Fannin None	Exempt	House of Tiny Treasures	15,000
West Texas Boys Ranch San Angelo TX 76904	10223 Boys Ranch Rd. None	Exempt	Boy Care Program	20,000
Young Life Corpus Christi TX 78413	5934 S Staples, Stuit 216 None	Exempt	Ray/ Miller High School Leadership	7,500
Assoc. for Community Broa Houston TX 77204	4343 Elgin None	Exempt	KUHF/Housto Public Radio/PBS	80,000
American Cancer Society Corpus Christi TX 78411	4101 S. Alameda None	Exempt	Cancer Patient Transporation	20,000

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Friends of the CC Museum Corpus Christi TX 78401	1900 N. Chaparral None	Exempt	Replace the Xeriscape Garden's	10,000
Nehemiah Center Houston TX 77004	5015 Fannin Street None	Exempt	Land Acquisition	35,000
American Heart Associatio Corpus Christi TX 78401	500 N. Shoreline Blvd., S None	Exempt	South Texas Program Support	10,000
Craft Training Center/Coa Corpus Christi TX 78403	P.O. Box 2527 None	Exempt	Scholarship/Falfurrias Summer Progra	61,519
South Tx Botanical Garden Corpus Christi TX 78413	8545 S. Staples St. None	Exempt	Education Station	20,000
Tx A&M University Kingsvi Kingsville TX 78363	700 University Blvd., MSC None	Exempt	ROTC Rising Cadet Retention Progam	100,000
George Bush Pres. Library College Station TX 77843	1145 TAMU None	Exempt	National Park Exhibit	50,000
Boys Scouts of Amer. S.TX Corpus Christi TX 78411	700 Everhart Terrace,Bldg None	Exempt	Camp Karankawa Capital Campaign	10,000
Aransas County ISD Ed. Fo Rockport TX 78381	P. O. Box 195 None	Exempt	Symphony Tickets for Students	2,500
Archdiocese of San Antoni San Antonio TX 78228	2718 S. Woodlawn None	Exempt	Hope for the Future Scholarships	25,000
Family Outreach of C. C. Corpus Christi TX 78404	1444 Baldwin Blvd. None	Exempt	Computer & Phone System update	12,414
The Cattery Corpus Christi TX 78468	P.O. Box 8575 None	Exempt	Medical Supplies	5,000
Miracle League of C. C. Corpus Christi TX 78403	P. O. Box 531 None	Exempt	Miracle League Field	10,000
Texas A&M University/CC Corpus Christ TX 78412	6300 Ocean Drive None	Exempt	Islander Battalion ROTC Merit Schola	100,000
Del Mar College Foundatio Corpus Christi TX 78404	101 BaldwinBlvd. None	Exempt	Municipal Band	10,000
John Paul II High School Corpus Christi TX 78415	3036 Saratiga Blvd. None	Exempt	Scholarships	35,000
First Baptist School Corpus Christi TX 78404	3115 Ocean Drive None	Exempt	Scholarships	35,000
Association of Small Foun Winooski VT 05404	P.O. Box 247 None	Exempt	Operating Funds	4,000

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Houston I.S.D. Foundation Houston TX 77056	5430 Hidalgo Street None	Exempt	International Baccalaureate Primary	25,000
Still Creek Boys and Girl Bryan TX 77808	6055 Hearne Road None	Exempt	Education Project	15,000
Therapy Pet Pals of Texas Austin TX 78746	3930 Bee Cave Road Suite None	Exempt	Recruitment Training and Rentention	2,500
Houston Area Women's Cent Houston TX 77019	1010 Waugh Drive None	Exempt	Emergency Shelter Children's Service	15,000
His Father's Heart Minist Houston TX 77092	5715 NW Central Dr. Suite None	Exempt	Operational Funds	10,000
Del Mar College Foundatio Corpus Christi TX 78404	101 Baldwin Blvd. None	Exempt	Joe Montoya Memorial Scholarship	100,000
St Joseph Foundaiton Brya Bryan TX 77802	P.O. Box 993 None	Exempt	Burleson St Joseph Health Defibrill	30,000
Texas 4-H Youth Developme College Station TX 77842	P. O. Box 11020 None	Exempt	Texas 4-H Congress	25,000
Brooks County Fair Associ Falfurrias TX 78355	P.O.Box 835 None	Exempt	Animal Auction	10,000
Mission of Mercy Corpus Christi TX 78401	719 S. Shoreline Blvd. Su None	Exempt	Texas Mobile Medical Care Program	25,000
Camp for All Foundation Houston TX 77192	10500 Northwest Freeway None	Exempt	Reaching for the Stars Campaign	50,000
Colleyville Covenant Chri Colleyville TX 76034	901 Cheek Sparger Road None	Exempt	Foreign Language Technology	20,000
C,C. Public Library Found Corpus Christi TX 78401	805 Comanche None	Exempt	Greenwood Library Furnishings	50,000
Kingdom Ranch Snook TX 77878	P.O. Box 474 None	Exempt	Camp Improvements	25,000
Boys and Girls Club of CC Corpus Christi TX 78416	3902 Greenwood Drive None	Exempt	2011 Summer Youth Program	12,000
YMCA of the Coastal Bend Corpus Christi TX 78401	417 S. Upper Broadway None	Exempt	Vision for the Future Capital Campai	50,000
SouthTexas Public Broadca Corpus Christi TX 78411	4455 S. Padre Island Driv None	Exempt	Challege! Academic Tournament	25,000
Food Bank of Corpus Chris Corpus Christi TX 78408	826 Krill St. None	Exempt	Diabetes Hands-On	20,000

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Odyssey VistaCare Hospice Corpus Chrsiti TX 75201	717 N Harwood, Suite 150 None	Exempt	Patient Needs and Requests	15,000
Central Texas Children's Buda TX 78610	13200 Crane Rjoad None	Exempt	Matthew's Hope	25,000
Driscoll Children's Hospi Corpus Christi TX 78411	3533 S Alameda St. None	Exempt	Charity Care At Driscoll Children's	25,000
Aransas County ISD Educat Rockport TX 78381	P.O. Box 195 None	Exempt	Connecting School to Work	50,000
Rotary Club of Boerne Fou Boerne TX 78006	Frost Bank, 1300 S. Main None	Exempt	Early Act/First Knight	20,000
Good Samaritan Rescue Mis Corpus Christi TX 78403	P.O.Box 65 None	Exempt	Operational Funds	2,500
Conference of Southwest F Dallas TX 75204	634 Good-Latimer Expressw None	Exempt	Grant in liew of Dues	2,000
Coastal Bend Kidney Found Corpus Christi TX 78469	P.O. Box 9172 None	Exempt	Driscoll Hospital/Dialysis System	175,000
Small Steps Nurturing Cen Houston TX 77026	2902 Jensen Drive None	Exempt	Nutrition Program	20,000
TX A&M University Corpus Christi TX 78412	6300 Ocean Drive, USC 207 None	Exempt	Wildlife Inventory Project	10,000
Peewee's Pet Adoption Wor Corpus Christi TX 78417	1307 Saratoga None	Exempt	Spay/Neuter Adoption Program	5,000
Champions for Life Beeville TX 78104	P.O. Box 4054 None	Exempt	Ring of Champions	20,000
Texas Ramp Project Richardson TX 75083	P.O. Box 832065 None	Exempt	Texas Ramp Project	30,000
Timon's Ministries Corpus Christi TX 78418	10501 S. Padre Island Dr None	Exempt	Operational Funds	15,000
Communities in Schools Corpus Christi TX 78463	P.O. Box 331203 None	Exempt	Operational Funds	10,000
Wenholz House Corpus Christi TX 78401	1200 10th Street None	Exempt	New Roof	10,000
Odyssey After School Enri Rockport TX 78381	P.O. Box 237 None	Exempt	Collaboration for Academic Success	25,000
College for All Texans Fo Austin TX 78752	1200 East Anderson Lane None	Exempt	Texas College Advising Corps	150,000

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Daily Bread Ministries San Antonio TX 78207	700 W. Houston St. None	Exempt	Purchase 1 TonTruck	20,000
Children's Museum of Hous Houston TX 77004	1500 Binz None	Exempt	Family Literacy Involvement Program	10,000
Foster Angels of Central Austin TX 78745	P.O. Box 152575 None	Exempt	Assistance to Children in Foster Car	20,000
Camp Aranzazu Rockport TX 78387	5420 FM 1781 None	Exempt	Camper Sponsorships	10,000
Camp of the Hills Marble Falls TX 78654	1552 County Road 344 None	Exempt	Kitchen Equipment	25,000
Annapolis Christian Acade Corpus Christi TX 78411	3875 S. Staples St. None	Exempt	Tuition Assistance Warrior Fund	35,000
South Texas Children's Ho Beeville TX 78104	P.O. Box 1210 None	Exempt	Cottage Renovation	50,000
Medina Children's Home Medina TX 78055	21300 State Highway 16 N None	Exempt	Opportunity Assist	50,000
Sunny Glen Children's Hom San Benito TX 78586	P.O. Box 1373 None	Exempt	Cradle of Hope	50,000
National Guard Associatio Austin TX 78731	3706 Crawford Ave. None	Exempt	Old Hickory Division Memorial Projec	30,000
City of Falfurrias Falfurrias TX 78355	P.O. Box E None	Exempt	Ed Rachal Memorial Golf Course	7,000
Texas A&M Foundation G. B College Station TX 77843	4220 TAMU None	Exempt	Fellowship/Scholarship Program	100,000
Texas A&M University-Galv Galveston TX 77553	P.O. Box 1675 None	Exempt	President's Enhancement Excellence F	50,000
Texas A&M Foundation Corp College Station TX 77843	1256 TAMU None	Exempt	Rudder Corps Scholarship	50,000
All Saints' Episcopal Chu Corpus Christi TX 78404	3026 S, Staples St. None	Exempt	Salary for Assistant Manager/Cliff M	30,000
Arlington Heights Church Corpus Christi TX 78410	2722 Rand Morgan Rd. None	Exempt	Bandina Christian Youth Camp	35,000
Driscoll Children's Hospi Corpus Christi TX 78411	3533 S. Alameda St. None	Exempt	Emergency Room	100,000
Texas A&M Foundation College Station TX 77843	4220 TAMU None	Exempt	Fellowhip/Scholarship Program	200,000

Statement 20 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year (continued)

Name / Address	Address / Relationship	Status	Purpose	Amount
Texas A&M Foundation College Station TX 77840	401 George Bush Drive None	Exempt	Operating Funds	200,000
St. James Episcopal Schoo Corpus Christi TX 78401	602 S. Carancahua None	Exempt	Scholarshipa	45,000
Total				4,144,513

THE ED RACHAL FOUNDATION
EIN: 74-1116595
ATTACHMENT TO AMENDED RETURN
8/31/2011

Tax Year	Net Value of Non-Charitable Assets (As Adjusted)	Average Percentage Payout for 5 year Base Period (As Adjusted)		1% of Net Investment Income	Required Distributions	Qualifying Distributions	Tax Bracket
8/31/2010	55,876,805	0.050169	2,803,283	78,570	2,881,853	3,277,284	1%
8/31/2011	96,526,303	0.052806	5,097,168	182,673	5,279,841	4,638,181	2%
8/31/2012	115,803,872	0.051863	6,005,936	352,047	6,357,983	6,637,088	1%

2011 is the only year in which the qualifying distributions did not at least equal the required qualifying distributions. Therefore, 8/31/11 is the only year in which adjusting the fair market value of the Mineral Interests affects the tax rate thereby making the Foundation ineligible for the 1% tax rate.

Form **851** (Rev December 2010) Department of the Treasury Internal Revenue Service

Affiliations Schedule

▶ File with each consolidated income tax return.

For tax year ending August 31 , 2011

OMB No 1545-0025

Name of common parent corporation: Ed Rachal Foundation

Employer identification number: 74-1116595

Number, street, and room or suite no If a P O box, see instructions: 500 N. Shoreline Blvd., Suite 1002

City or town, state, and ZIP code: Corpus Christi, TX 78413

Part I **Overpayment Credits, Estimated Tax Payments, and Tax Deposits** (see instructions)

Corp No	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation			
2	Subsidiary corporations: ERF Real Estate, Inc.	20-2661759		0
3				
4				
5				
6				
7				
8				
9				
10				
	Totals (Must equal amounts shown on the consolidated tax return) ▶		0.00	0.00

Part II **Principal Business Activity, Voting Stock Information, Etc.** (see instructions)

Corp No	Principal business activity (PBA)	PBA Code No	Did the subsidiary make any nondividend distributions? Yes	No	Stock holdings at beginning of year: Number of shares	Percent of voting power	Percent of value	Owned by corporation no
1	Common parent corporation Ed Rachal Foundation							
2	Subsidiary corporations: ERF Real Estate, Inc.			X		100%	100%	1
3						%	%	
4						%	%	
5						%	%	
6						%	%	
7						%	%	
8						%	%	
9						%	%	
10						%	%	

For Paperwork Reduction Act Notice, see instructions.

Part III Changes in Stock Holdings During the Tax Year

Corp No	Name of corporation	Share-holder of Corpora-tion No	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percent of voting power	Percent of value
	Not applicable					%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%

(c) If any transaction listed above caused a transfer of a share of subsidiary stock (defined to include dispositions and deconsolidations), did the share's basis exceed its value at the time of the transfer? See instructions . . . . ☐ Yes ☐ No

(d) Did any share of subsidiary stock become worthless within the meaning of section 165 (taking into account the provisions of Regulations section 1.1502-80(c)) during the taxable year? See instructions . . . ☐ Yes ☐ No

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

Part IV Additional Stock Information (see instructions)

1 During the tax year, did the corporation have more than one class of stock outstanding? . . . . ☐ Yes ☐ No
If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? . . . . ☐ Yes ☐ No
If "Yes," enter the name of the corporation(s) and explain the circumstances.

Corp No.	Name of corporation	Explanation

3 During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? . . . . ☐ Yes ☐ No
If "Yes," enter the name of the corporation and see the instructions for the percentages to enter in columns (a), (b), and (c).

Corp. No	Name of corporation	(a) Percent of value	(b) Percent of outstanding voting stock	(c) Percent of voting power
		%	%	%
		%	%	%
		%	%	%
		%	%	%

Corp. No	(d) Provide a description of any arrangement.

Form **6198** (Rev November 2009)
Department of the Treasury Internal Revenue Service

At-Risk Limitations

▶ Attach to your tax return.
▶ See separate instructions.

OMB No 1545-0712
Attachment Sequence No **31**

Name(s) shown on return: THE ED RACHAL FOUNDATION

Identifying number: 74-1116595

Description of activity (see page 2 of the instructions): Standard Renewable Energy Group

Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts. See page 2 of the instructions.

1	Ordinary income (loss) from the activity (see page 2 of the instructions)	1	-776,339
2	Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you are reporting on		
a	Schedule D	2a	123,250
b	Form 4797	2b	
c	Other form or schedule	2c	
3	Other income and gains from the activity, from Schedule K-1 of Form 1065, Form 1065-B, or Form 1120S, that were not included on lines 1 through 2c	3	102,302
4	Other deductions and losses from the activity, including investment interest expense allowed from Form 4952, that were not included on lines 1 through 2c	4	(15)
5	Current year profit (loss) from the activity Combine lines 1 through 4 See page 3 of the instructions before completing the rest of this form	5	-550,802

Part II Simplified Computation of Amount At Risk. See page 3 of the instructions before completing this part.

6	Adjusted basis (as defined in section 1011) in the activity (or in your interest in the activity) on the first day of the tax year **Do not** enter less than zero	6	726,401
7	Increases for the tax year (see page 3 of the instructions)	7	
8	Add lines 6 and 7	8	726,401
9	Decreases for the tax year (see page 4 of the instructions)	9	
10a	Subtract line 9 from line 8 ▶ 10a 726,401		
b	If line 10a is **more** than zero, enter that amount here and go to line 20 (or complete Part III) Otherwise, enter -0- and see **Pub. 925** for information on the recapture rules	10b	726,401

Part III Detailed Computation of Amount At Risk. If you completed Part III of Form 6198 for the prior year, see page 4 of the instructions.

11	Investment in the activity (or in your interest in the activity) at the effective date **Do not** enter less than zero	11	
12	Increases at effective date	12	
13	Add lines 11 and 12	13	
14	Decreases at effective date	14	
15	Amount at risk (check box that applies)		
a	☐ At effective date. Subtract line 14 from line 13. **Do not** enter less than zero	15	
b	☐ From your prior year Form 6198, line 19b **Do not** enter the amount from line 10b of your prior year form		
16	Increases since (check box that applies) a ☐ Effective date b ☐ The end of your prior year	16	
17	Add lines 15 and 16	17	
18	Decreases since (check box that applies). a ☐ Effective date b ☐ The end of your prior year	18	
19a	Subtract line 18 from line 17 ▶ 19a		
b	If line 19a is **more** than zero, enter that amount here and go to line 20. Otherwise, enter -0- and see **Pub. 925** for information on the recapture rules	19b	

Part IV Deductible Loss

20	**Amount at risk.** Enter the **larger** of line 10b or line 19b	20	726,401
21	**Deductible loss.** Enter the **smaller** of the line 5 loss (treated as a positive number) or line 20 See page 8 of the instructions to find out how to report any deductible loss and any carryover	21	(550,802)

Note: If the loss is from a passive activity, see the Instructions for **Form 8582,** Passive Activity Loss Limitations, or the Instructions for **Form 8810,** Corporate Passive Activity Loss and Credit Limitations, to find out if the loss is allowed under the passive activity rules If only part of the loss is subject to the passive activity loss rules, report only that part on Form 8582 or Form 8810, whichever applies

Form **6198** (Rev November 2009) Department of the Treasury Internal Revenue Service

At-Risk Limitations

▶ Attach to your tax return.
▶ See separate instructions.

OMB No 1545-0712
Attachment Sequence No **31**

Name(s) shown on return	Identifying number
THE ED RACHAL FOUNDATION	74-1116595

Description of activity (see page 2 of the instructions)
Galveston Bay BioDiesel LP

Part I Current Year Profit (Loss) From the Activity, Including Prior Year Nondeductible Amounts. See page 2 of the instructions.

1	Ordinary income (loss) from the activity (see page 2 of the instructions)	1	-436,763
2	Gain (loss) from the sale or other disposition of assets used in the activity (or of your interest in the activity) that you are reporting on		
a	Schedule D	2a	-274,834
b	Form 4797	2b	
c	Other form or schedule	2c	
3	Other income and gains from the activity, from Schedule K-1 of Form 1065, Form 1065-B, or Form 1120S, that were not included on lines 1 through 2c	3	150,465
4	Other deductions and losses from the activity, including investment interest expense allowed from Form 4952, that were not included on lines 1 through 2c	4	( )
5	Current year profit (loss) from the activity Combine lines 1 through 4 See page 3 of the instructions before completing the rest of this form	5	-561,132

Part II Simplified Computation of Amount At Risk. See page 3 of the instructions before completing this part.

6	Adjusted basis (as defined in section 1011) in the activity (or in your interest in the activity) on the first day of the tax year **Do not** enter less than zero	6	228,168
7	Increases for the tax year (see page 3 of the instructions)	7	
8	Add lines 6 and 7	8	228,168
9	Decreases for the tax year (see page 4 of the instructions)	9	
10a	Subtract line 9 from line 8 ▶ 10a 228,168		
b	If line 10a is **more** than zero, enter that amount here and go to line 20 (or complete Part III) Otherwise, enter -0- and see **Pub. 925** for information on the recapture rules	10b	228,168

Part III Detailed Computation of Amount At Risk. If you completed Part III of Form 6198 for the prior year, see page 4 of the instructions.

11	Investment in the activity (or in your interest in the activity) at the effective date **Do not** enter less than zero	11	
12	Increases at effective date	12	
13	Add lines 11 and 12	13	
14	Decreases at effective date	14	
15	Amount at risk (check box that applies)		
a	☐ At effective date Subtract line 14 from line 13 **Do not** enter less than zero.	15	
b	☐ From your prior year Form 6198, line 19b **Do not** enter the amount from line 10b of your prior year form.		
16	Increases since (check box that applies): a ☐ Effective date b ☐ The end of your prior year	16	
17	Add lines 15 and 16	17	
18	Decreases since (check box that applies): a ☐ Effective date b ☐ The end of your prior year	18	
19a	Subtract line 18 from line 17 ▶ 19a		
b	If line 19a is **more** than zero, enter that amount here and go to line 20. Otherwise, enter -0- and see **Pub. 925** for information on the recapture rules	19b	

Part IV Deductible Loss

20	**Amount at risk.** Enter the **larger** of line 10b or line 19b	20	228,168
21	**Deductible loss.** Enter the **smaller** of the line 5 loss (treated as a positive number) or line 20 See page 8 of the instructions to find out how to report any deductible loss and any carryover	21	(228,168)

Note: If the loss is from a passive activity, see the Instructions for **Form 8582,** Passive Activity Loss Limitations, or the Instructions for **Form 8810,** Corporate Passive Activity Loss and Credit Limitations, to find out if the loss is allowed under the passive activity rules If only part of the loss is subject to the passive activity loss rules, report only that part on Form 8582 or Form 8810, whichever applies

Form **8810**

Department of the Treasury
Internal Revenue Service

Corporate Passive Activity Loss and Credit Limitations

▶ See separate instructions.

▶ Attach to the corporation's tax return (personal service corporations and closely held corporations only).

OMB No 1545-1091

2010

Name	Employer identification number
Ed Rachal Foundation	74-1116595

Part I **2010 Passive Activity Loss**

Caution: *See the instructions and complete Worksheets 1 and 2 before completing Part I*

1a	Current year income (from Worksheet 2, column (a))	1a	55,801		
b	Current year deductions and losses (from Worksheet 2, column (b))	1b	(89,011)		
c	Prior year unallowed losses (from Worksheet 2, column (c))	1c	(623,204)		
d	Combine lines 1a, 1b, and 1c. If the result is net income or zero, see instructions			1d	(656,414)
2	Closely held corporations enter net active income and see instructions. Personal service corporations enter -0- on this line			2	
3	**Unallowed passive activity deductions and losses.** Combine lines 1d and 2 If the result is net income or zero, see the instructions for lines 1d and 3. Otherwise, go to line 4			3	(656,414)
4	**Total deductions and losses allowed.** Add the income, if any, on lines 1a and 2 and enter the result (see instructions)			4	55,801

Part II **2010 Passive Activity Credits**

Caution: *See the instructions and complete Worksheet 5 before completing Part II*

5a	Current year credits (from Worksheet 5, column (a))	5a			
b	Prior year unallowed credits (from Worksheet 5, column (b))	5b			
6	Add lines 5a and 5b			6	0
7	Enter the tax attributable to net passive income and net active income (see instructions)			7	
8	**Unallowed passive activity credit.** Subtract line 7 from line 6. If the result is zero or less, enter -0-			8	0
9	**Allowed passive activity credit.** Subtract line 8 from line 6 (see instructions)			9	0

Part III **Election To Increase Basis of Credit Property**

10 If the corporation disposed of its entire interest in a passive activity or former passive activity in a fully taxable transaction, and the corporation elects to increase the basis of credit property used in that activity by the unallowed credit that reduced the property's basis, check this box (see instructions) ▶ ☐

11 Name of passive activity disposed of ▶ ______

12 Description of the credit property for which the election is being made ▶ ______

13 Amount of unallowed credit that reduced the property's basis ▶ $

THE ED RACHAL FOUNDATION
EIN: 74-1116595
ATTACHMENT TO AMENDED RETURN
8/31/2011

Tax Year	Net Value of Non-Charitable Assets (As Adjusted)	Average Percentage Payout for 5 year Base Period (As Adjusted)		1% of Net Investment Income	Required Distributions	Qualifying Distributions	Tax Bracket
8/31/2010	55,876,805	0.050169	2,803,283	78,570	2,881,853	3,277,284	1%
8/31/2011	96,526,303	0.052806	5,097,168	182,673	5,279,841	4,638,181	2%
8/31/2012	115,803,872	0.051863	6,005,936	352,047	6,357,983	6,637,088	1%

2011 is the only year in which the qualifying distributions did not at least equal the required qualifying distributions. Therefore, 8/31/11 is the only year in which adjusting the fair market value of the Mineral Interests affects the tax rate thereby making the Foundation ineligible for the 1% tax rate.

ED RACHAL FOUNDATION
SCHEDULE OF ALLOCATION - 990-PF PART 1
FYE AUGUST 31, 2011

	(a) Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Disbursements for Charitable Pur	% Inv Inc	Calc'd
Comp of Officers	221,000 00	110,500 00		110,500 00	50 00%	110,500 00
Comp Of Directors	112,000 00	74,670 40		37,329 60	66 67%	74,670 40
	333,000.00	185,170 40	-	147,829 60		185,170.40
Other Employee Salaries	49,952 00	24,976 00		24,976 00	50 00%	24,976 00
Pension Plans & Employee Bene	-	-		-	50 00%	-
Employee Benefits - Health Ins	47,154 00	23,577 00		23,577 00	50 00%	23,577.00
Taxes - Payroll (with Employee Bene)	13,788 00	6,894 00		6,894 00	50 00%	6,894 00
Legal Fees	12,567 00	12,567 00		-	100 00%	12,567 00
Accounting Fees	19,185 00	15,348 00		3,837 00	80 00%	15,348 00
Consulting	54,356 00	52,736 00		1,620 00		1,620 00
Consulting - Galvan	18,522 00	18,522 00		-	100 00%	18,522 00
Taxes - Property (exempt)	2,615 00	418 40		2,196 60	16 00%	418 40
Taxes - Property (non-exempt)	532,384 00	532,384 00		-	100 00%	532,384 00
Taxes - Excise		N/A		N/A		N/A
Depreciation (non-exempt)	11,329 00	11,329 00		-	100 00%	11,329 00
Occupancy	29,786 00	14,893 00		14,893 00	50 00%	14,893 00
Travel Conf & Meetings	9,282 00	3,712 80		5,569 20	40 00%	3,712 80
Subtotal	1,133,920 00	902,527 60		231,392 40		851,411 60
Other Expenses						
Automotive	156 00	15 60		140 40	10 00%	15 60
Contract Labor	22,990 00	-		22,990 00	0 00%	-
Fuel & Oil - Galvan		-		-	0 00%	-
Fuel & Oil - La Copa	7,168 00	-		7,168 00	0 00%	-
Ins - Auto & Office	14,185 00	3,546 25		10,638 75	25 00%	3,546 25
Ins - Liab & Work Comp	204 00	51 00		153 00	25 00%	51 00
Ins - Ranch	860 00	-		860 00	0 00%	-
Investment Commission Exp	8,064 00	8,064 00		-	100 00%	8,064 00
Machine Hire		-		-	0 00%	-
Miscellaneous	-	-		-	90 00%	-
Office Exp	10,225 00	5,112 50		5,112 50	50.00%	5,112 50
Other Employee Exp	40,478 00	4,047 80		36,430 20	10 00%	4,047 80
Postage	451 00	225 50		225 50	50 00%	225 50
Ranch Supplies	4,994 00	-		4,994 00	0 00%	-
Repairs & Maint	11,789 00	-		11,789 00	0 00%	-
Seminars Dues & Fees	5,066 00	2,533 00		2,533 00	50 00%	2,533.00
Subscriptions	1,669 00	834 50		834 50	50 00%	834 50
Utilities & Tele - Ranch	5,643 00	-		5,643 00	0 00%	-
Utilities & Tele - Other	3,583 00	1,791 50		1,791 50	50 00%	1,791 50
Non-Deductible Expenses	29 00	-		-	0 00%	-
	137,554 00	26,221 65		111,303 35		26,221 65
Investment Depreciation	40,214 00	40,214 00		-	100 00%	40,214 00
TOTALS	1,311,688 00	968,963 25		342,695 75		
Contributions, gifts & grants paid	4,144,513 00			4,144,513 00		
	5,456,201 00			4,487,208 75		
Total Revenue per Sch	(19,261,340 00)					
Includable Revenue		(19,236,278.00)	w/o unrealized & realized gains/losses of partnership income $(135,657), $193,919, & $(33,202)			
Net (Profit) Loss	(13,805,139 00)	(18,267,314 75)				
x Excise Tax Rate		2 00%				
Per WTB (rounded)	(4,287,379 00)					
Diff - Contribution not allowed	(9,517,760 00)					
Excise Tax Projected		(365,346)				
Penalty						
Amount Paid In		182,673				
Refund (Amount Due)		(182,673)				

Galvan is Mineral Interests only (non-exempt)
LaCopo (exempt)
El Desconso - 400 acres (rented to Ron Young) (non-exempt)