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(1)

Form **990-PF****Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**OMB No. 1545-0047-13
2007Department of the Treasury
Internal Revenue Service

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

For calendar year 2007, or tax year beginning

, 2007, and ending

, 20

G Check all that apply: ☐ Initial return ☐ Final return ☐ Amended return ☐ Address change ☐ Name changeUse the IRS
label.
Otherwise,
print
or type.
See Specific
Instructions.

Name of foundation

William C. Ethridge Foundation, Inc.

A Employer identification number

58-2000825

Number and street (or P.O. box number if mail is not delivered to street address)

P O Box 3470

Room/suite

B Telephone number (see page 10 of the instructions)

(910) 328-1532

City or town, state, and ZIP code

Topsail Beach NC 28445-9831

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
(b)(1)(B), check here ☐H Check type of organization: ☒ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundationI Fair market value of all assets at end
of year (from Part II, col. (c),
line 16) \$ 97,932.96J Accounting method: ☒ Cash ☐ 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 in-
come(c) Net in-
come(d) Disbursements
for charitable
purposes
(cash basis only)1 Contributions, gifts, grants, etc., received (attach schedule)
2 Check ☐ if the foundation is not required to attach Sch. B

3 Interest on savings and temporary cash investments

4 Dividends and interest from securities

5a Gross rents

b Net rental income or (loss)

6a Net gain or (loss) from sale of assets not on line 10

b Gross sales price for all assets on line 6a 8,272,098

7 Capital gain or (loss) from sale of assets (attach schedule)

8 Net short-term capital gain

9 Income modifications

10a Gross sales less returns and allowances

b Less: Cost of goods sold

c Gross profit or (loss) (attach schedule)

11 Other income (attach schedule)

12 Total. Add lines 1 through 11

1021096 1021096 207719

13 Compensation of officers, directors, trustees, etc.

14 Other employee salaries and wages

15 Pension plans, employee benefits

16a Legal fees (attach schedule) TPR BRANCH.

b Accounting fees (attach schedule) OGDEN.

c Other professional fees (attach schedule)

95603 95603 95603

17 Interest

18 Taxes (attach schedule) (see page 14 of the instructions)

19 Depreciation (attach schedule) and depletion

20 Occupancy

21 Travel, conferences, and meetings

22 Printing and publications

23 Other expenses (attach schedule)

24 Total operating and administrative expenses.

Add lines 13 through 23

99706 99706 99706

25 Contributions, gifts, grants paid

26 Total expenses and disbursements. Add lines 24 and 25

491000 590706 99706 491000

27 Subtract line 26 from line 12:

a Excess of revenue over expenses and disbursements

b Net investment income (if negative, enter -0-)

c Adjusted net income (if negative, enter -0-)

430390

921390

108013

For Privacy Act and Paperwork Reduction Act Notice, see page 30 of the instructions.

Cat No. 11289X

Form **990-PF** (2007)

046 001

Statute clear
Rec'd in Exchange/
Carroll Ogden.

APR 10 2014

SCANNED APR 10 2014

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	339,206	447,910	447,910
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 16 of the 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) <i>Sch 2</i>	887,377	1,334,460	1,362,645
	b Investments—corporate stock (attach schedule) <i>Sch 2</i>	663,756	6,727,285	7,642,874
c Investments—corporate bonds (attach schedule) <i>Sch 2</i>	547,753	332,636	327,320	
11 Investments—land, buildings, and equipment: basis ▶				
Less: accumulated depreciation (attach schedule) ▶				
12 Investments—mortgage loans				
13 Investments—other (attach schedule)				
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation (attach schedule) ▶				
15 Other assets (describe ▶ <i>Accrued Interest on Bonds</i>)			12,548	
16 Total assets (to be completed by all filers—see the instructions. Also, see page 1, item I)	8,411,902	8,842,291	9,743,296	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐			
	and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	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	8,411,902	8,842,291	
30 Total net assets or fund balances (see page 17 of the instructions)	8,411,902	8,842,291		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	8,411,902	8,842,291		

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	8,411,902
2 Enter amount from Part I, line 27a	2	430,390
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	8,842,291
5 Decreases not included in line 2 (itemize) ▶ <i>Rounding</i>	5	(1)
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	8,842,291

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 <u>see schedule 2</u>			
b			
c			
d			
e			

(a) 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) Gain (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 } 2 813,377

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

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income N/A

(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))
2006			
2005			
2004			
2003			
2002			

2 Total of line 1, column (d) 2

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

4 Enter the net value of noncharitable-use assets for 2007 from Part X, line 5 4

5 Multiply line 4 by line 3 5

6 Enter 1% of net investment income (1% of Part I, line 27b) 6

7 Add lines 5 and 6 7

8 Enter qualifying distributions from Part XII, line 4 8

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 letter: (attach copy of ruling 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 18,428
c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b)		
2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		2
3 Add lines 1 and 2		3 18,428
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-		5 18,428
6 Credits/Payments:		
a 2007 estimated tax payments and 2006 overpayment credited to 2007	6a 6,349	
b Exempt foreign organizations—tax withheld at source	6b	
c Tax paid with application for extension of time to file (Form 8868)	6c 15,000	
d Backup withholding erroneously withheld	6d	
7 Total credits and payments. Add lines 6a through 6d	7 21,349	
8 Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached		8
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10 2,921
11 Enter the amount of line 10 to be: Credited to 2008 estimated tax 2,921 Refunded		11

Part VII-A Statements Regarding Activities

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?	Yes No
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)?	Yes No
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?	Yes No
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?	Yes No
2	X
If "Yes," attach a detailed description of the activities.	
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	Yes No
3	X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?	Yes No
4a	X
b If "Yes," has it filed a tax return on Form 990-T for this year?	Yes No
4b	N/A
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year?	Yes No
5	X
If "Yes," attach the statement required by General Instruction T.	
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?	Yes No
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.	Yes No
7	X
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ►	
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	Yes No
8b	N/A
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 2007 or the taxable year beginning in 2007 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV	Yes No
9	X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	Yes No
10	X

Part VII-A Statements Regarding Activities (continued)

11a	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)		X
11b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	N/A	
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	X	
Website address ▶ N/A			
14	The books are in care of ▶ Sim A. King Telephone no. ▶ 910 328 1532		
Located at ▶ P.O. Box 3470 Topsail Beach NC ZIP+4 ▶ 28445-9831			
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		

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		
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)? Organizations relying on a current notice regarding disaster assistance check here ☒	1b	N/A
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 2007?	1c	X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a At the end of tax year 2007, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2007? ☐ Yes ☒ No If "Yes," list the years ▶ 20 , 20 , 20 , 20		
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see page 22 of the instructions.)	2b	N/A
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ▶ 20 , 20 , 20 , 20		
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No		
b If "Yes," did it have excess business holdings in 2007 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 2007.)	3b	N/A
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a	X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2007?	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)? Organizations relying on a current notice regarding disaster assistance check here ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No
If "Yes," attach the statement required by Regulations section 53.4945–5(d).

5b N/A

6b

X

7b

N/A

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No
If you answered "Yes" to 6b, also 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? ☐ Yes ☒ No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see page 23 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
Sydney M. White, Jr. Raleigh, NC	Chairman	0	0	0
J. Frank Scott Raleigh, NC	Vice Chairman	0	0	0
Jim A. King Topsail Beach, NC	Sec/Treas	0	0	0

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

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

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 No Specific activity other than direct contributions to qualifying organizations

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

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	Schedule 3	1a 9,292,468
b	Average of monthly cash balances	Schedule 3	1b 423,474
c	Fair market value of all other assets (see page 25 of the instructions)		1c
d	Total (add lines 1a, b, and c)		1d 9,715,942
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 9,715,942
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see page 25 of the instructions)		4 145,739
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4		5 9,570,203
6	Minimum investment return. Enter 5% of line 5		6 478,510

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		1 478,510
2a	Tax on investment income for 2007 from Part VI, line 5	2a 18,428	
b	Income tax for 2007. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b		2c 18,428
3	Distributable amount before adjustments. Subtract line 2c from line 1		3 460,082
4	Recoveries of amounts treated as qualifying distributions		4
5	Add lines 3 and 4		5 460,082
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		7 460,082

Part XII Qualifying Distributions (see page 26 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 491,000
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	4 491,000
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
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6 491,000

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 2006	(c) 2006	(d) 2007
1 Distributable amount for 2007 from Part XI, line 7				460,082
2 Undistributed income, if any, as of the end of 2006:				
a Enter amount for 2006 only				
b Total for prior years: 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2007:				
a From 2002				
b From 2003				
c From 2004				
d From 2005	5,990			
e From 2006				
f Total of lines 3a through e	5,990			
4 Qualifying distributions for 2007 from Part XII, line 4: ▶ \$ 491,000				
a Applied to 2006, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 27 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 27 of the instructions)				
d Applied to 2007 distributable amount	30,918			460,082
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2007. (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:	36,908			
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 2006. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions			0	
f Undistributed income for 2007. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2008				0
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 2002 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2008. Subtract lines 7 and 8 from line 6a	36,908			
10 Analysis of line 9:				
a Excess from 2003				
b Excess from 2004				
c Excess from 2005				
d Excess from 2006	5,990			
e Excess from 2007	30,918			

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 2007, 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)
- 2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed
- | Tax year | Prior 3 years | | | (e) Total |
|---|---------------|----------|----------|-----------|
| (a) 2007 | (b) 2006 | (c) 2005 | (d) 2004 | |
| 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 $\frac{1}{2}$ 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).)
- William C Ethridge (deceased) and William C Ethridge Trust are the sole contributors
- 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. (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:
- Monty White - P.O. Box 18347 Raleigh NC 27619
- b The form in which applications should be submitted and information and materials they should include:
- No specific form
- c Any submission deadlines: None
- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
- None. However, almost all contributions are given to organizations operating in the greater Raleigh-Durham area.

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 Paid during the year				
(See schedule 1)				\$491,000

Total	3a \$491,000
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b Approved for future payment

Raleigh YMCA

Capital Campaign New Building	\$250,000
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Total	3b \$250,000
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Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations *None N/A*

- 1** Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?
- | | Yes | No |
|---|-------|----|
| a Transfers from the reporting foundation to a noncharitable exempt organization of: | | |
| (1) Cash | 1a(1) | |
| (2) Other assets | 1a(2) | |
| b Other transactions: | | |
| (1) Sales of assets to a noncharitable exempt organization | 1b(1) | |
| (2) Purchases of assets from a noncharitable exempt organization | 1b(2) | |
| (3) Rental of facilities, equipment, or other assets | 1b(3) | |
| (4) Reimbursement arrangements | 1b(4) | |
| (5) Loans or loan guarantees | 1b(5) | |
| (6) Performance of services or membership or fundraising solicitations | 1b(6) | |
| c Sharing of facilities, equipment, mailing lists, other assets, or paid employees | 1c | |
- d** If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

(a) Line no. (b) Amount involved (c) Name of noncharitable exempt organization (d) Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☐ No

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer or trustee		Date	Title
	Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed ☐
		Firm's name (or yours if self-employed), address, and ZIP code	EIN	Preparer's SSN or PTIN (See Signature on page 30 of the Instructions.)
			Phone no. ()	

William C Ethridge Foundation, Inc.**Schedule 1**

Contributions approved by the Board of Trustees on September 25, 2007

2007

Boys Club of Wake County	\$10,000
Hospice of Wake County	\$10,000
Raleigh YMCA	\$10,000
Triangle Area United Way	\$10,000
American Belarus Relief Organization	\$5,000
Food Bank of North Carolina	\$5,000
Greenville Community Center	\$5,000
North Carolina Symphony	\$10,000
Raleigh Rescue Mission	\$5,000
Ronald McDonald House (Durham)	\$5,000
Salvation Army	\$5,000
Shepherds Table	\$5,000
Step Up Ministries	\$10,000
American Red Cross	\$2,000
Loaves and Fishes	\$2,000
Healing Place	\$10,000
Helping Horse	\$1,000
Lucy Daniels Preschool	\$2,000
Occonechee Council Boy Scouts	\$5,000
Young Life (Raleigh Chapter)	\$2,000
Wake County SPCA	\$2,000
Saint Saviour's Center	\$3,000
The Mattamuskeet Foundation, Inc.	\$2,000
Camp Oak Hill	\$10,000
Foundation of Hope	\$5,000
Total Operating Support	<u>\$141,000</u>

Capital Campaign Contribution approved by the Board of Trustees on March 20, 2007

Raleigh YMCA	<u>\$250,000</u>
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Capital Campaign Contribution approved by the Board of Trustees on September 19, 2006

Hospice of Wake County	<u>\$100,000</u>
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\$491,000

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William C Ethridge Foundation, Inc.

Supporting Schedules for Form 990-PF

Fed ID # 58-2000825

2007**Schedule 2**Line 4 - Part 1

Dividends from Merrill Lynch A/C xxx-04003	\$105,780
Dividends from Merrill Lynch A/C xxx-96717	\$244
Interest from Merrill Lynch A/C xxx-04003	\$101,376
Interest from Merrill Lynch A/C xxx-96717	\$319
Adjustments	\$0
	<u>\$207,719</u>

Line 16 (c) - Part 1

Fees paid to Professional Investment Advisors	\$95,453
General Account Fees	\$150
	<u>\$95,603</u>

Line 18 - Part 1

Foreign Taxes paid on Dividends	<u>\$4,104</u>
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Line 10 (a) - Part II

Merrill Lynch A/C xxx-04003	Various	<u>\$1,334,460</u>
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Line 10 (b) - Part II

Merrill Lynch A/C xxx-04003	Various	<u>\$6,727,285</u>
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Line 10 (c) - Part II

Merrill Lynch A/C xxx-04003	Various	<u>\$332,636</u>
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Part IV - Capital Gains and Losses on Investment Income

		<u>Long Term</u>	<u>Short Term</u>
Merrill Lynch A/C xxx-96717	Various	\$6,837	
Merrill Lynch A/C xxx-04003	Various	<u>\$607,366</u>	<u>\$199,274</u>
		<u>\$614,203</u>	<u>\$199,274</u>
	Combined		<u>\$813,477</u>

W C Ethridge Foundation, Inc.
Form 990-PF Supporting Schedule - 2007

Schedule 3

Calculation of Distribution Requirements

	<u>Securities</u>	<u>Cash Balances</u>
01-Jan-07	\$9,478,442	\$364,205
31-Jan-07	\$9,345,410	\$268,140
28-Feb-07	\$8,944,588	\$372,851
31-Mar-07	\$8,768,271	\$860,783
30-Apr-07	\$9,097,222	\$388,277
31-May-07	\$9,239,372	\$610,930
30-Jun-07	\$9,372,336	\$406,011
31-Jul-07	\$9,170,459	\$362,254
31-Aug-07	\$9,305,787	\$292,945
30-Sep-07	\$9,608,098	\$333,908
31-Oct-07	\$9,776,744	\$374,653
30-Nov-07	\$9,349,964	\$422,295
31-Dec-07	\$9,345,386	\$447,910
Average	<u>\$9,292,468</u> =====	<u>\$423,474</u> =====