



See a Social Security Number? Say Something!
Report Privacy Problems to <https://public.resource.org/privacy>
Or call the IRS Identity Theft Hotline at 1-800-908-4490



Form **990-PF**

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

OMB No 1545-0052

2009

Department of the Treasury
Internal Revenue Service

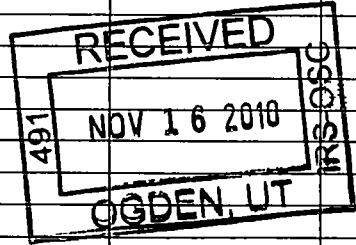
Note: The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2009, or tax year beginning **04/18/09**, and ending **12/31/09**

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

Use the IRS label Otherwise, print or type See Specific Instructions.	Name of foundation HARRY E. CANADAY FUND		A Employer identification number 27-6097607
	Number and street (or P O box number if mail is not delivered to street address) Room/suite 1408 CANTERBURY ROAD		B Telephone number (see page 10 of the instructions) 919-787-4040
	City or town, state, and ZIP code RALEIGH NC 27608		C If exemption application is pending, check here <input type="checkbox"/>
	H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 3,636,411		J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
		(Part I, column (d) must be on cash basis)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

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)	2,989,626			
	2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	5	5		
	4 Dividends and interest from securities	25,532	25,532		
	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				
	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)					
12 Total. Add lines 1 through 11	3,015,163	25,537	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)				
	c Other professional fees (attach schedule)				
	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 (all sch)				
	24 Total operating and administrative expenses. Add lines 13 through 23	0	0		0
25 Contributions, gifts, grants paid	0			0	
26 Total expenses and disbursements. Add lines 24 and 25	0	0	0	0	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	3,015,163				
b Net investment income (if negative, enter -0-)		25,537			
c Adjusted net income (if negative, enter -0-)			0		



SCANNED NOV 22 2010

618 10

Part II	Balance Sheets	Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value	
Assets	1 Cash—non-interest-bearing			
	2 Savings and temporary cash investments		25,537	25,537
	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 (att. schedule) ▶ Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule) SEE STMT 1		2,989,626	3,610,874
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch.) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)			
	14 Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch.) ▶			
15 Other assets (describe ▶)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	0	3,015,163	3,636,411	
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable (attach schedule)			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input type="checkbox"/> 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 <input checked="" type="checkbox"/> and complete lines 27 through 31			
	27 Capital stock, trust principal, or current funds		2,989,626	
	28 Paid-in or capital surplus, or land, bldg, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds		25,537	
30 Total net assets or fund balances (see page 17 of the instructions)	0	3,015,163		
31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	0	3,015,163		

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	
2 Enter amount from Part I, line 27a	2	3,015,163
3 Other increases not included in line 2 (itemize) ▶	3	
4 Add lines 1, 2, and 3	4	3,015,163
5 Decreases not included in line 2 (itemize) ▶	5	
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,015,163

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	N/A			
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) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) FMV as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any		
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss)			2	
{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }				
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)			3	
{ 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 }				

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

N/A

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))
2008			
2007			
2006			
2005			
2004			

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 2009 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 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	8	

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 <input type="checkbox"/> 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 <input type="checkbox"/> and enter 1% of Part I, line 27b	1	511
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	511
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	511
6	Credits/Payments		
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a	
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	511
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments Add lines 6a through 6d	7	511
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached	8	
9	Tax due If the total of lines 5 and 8 is more than line 7, enter amount owed	9	
10	Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be Credited to 2010 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?		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)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities		X
c	Did the foundation file Form 1120-POL for this year?	N/A	
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation \$ _____ (2) On foundation managers \$ _____		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$ _____		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	X	
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b	If "Yes," has it filed a tax return on Form 990-T for this year?	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	X	
7	Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) NONE		
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	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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	X	

STMT 2

Part VII-A Statements Regarding Activities (continued)

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	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? Website address ▶ N/A	13	X	
14	The books are in care of ▶ CATHERINE CANADAY MCLAMB 1408 CANTERBURY ROAD Located at ▶ RALEIGH, NC	Telephone no ▶ 919-787-4040 ZIP+4 ▶ 27608		
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 ▶ <input type="checkbox"/>		

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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	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 2009?	N/A	
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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009? If "Yes," list the years ▶ 20 , 20 , 20 , 20	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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 20 of the instructions)	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	N/A	
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2009 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 2009)	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		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 2009?		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)? Yes No **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? Yes No **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
CATHERINE CANADAY MCLAMB 1408 CANTERBURY ROAD RALEIGH NC 27608	TRUSTEE 1.00	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 N/A	
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	
3 All other program-related investments See page 24 of the instructions	

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	3,438,775
b	Average of monthly cash balances	1b	7,165
c	Fair market value of all other assets (see page 24 of the instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	3,445,940
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	3,445,940
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	51,689
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,394,251
6	Minimum investment return. Enter 5% of line 5	6	119,961

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	119,961
2a	Tax on investment income for 2009 from Part VI, line 5	2a	511
b	Income tax for 2009 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	511
3	Distributable amount before adjustments Subtract line 2c from line 1	3	119,450
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	119,450
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	119,450

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	0
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	0
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	

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 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				119,450
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e				
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ \$ _____				
a Applied to 2008, but not more than line 2a				
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 2009 distributable amount				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2009 (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 2008 Subtract line 4a from line 2a Taxable amount—see page 27 of the instructions				
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				119,450
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 2004 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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 2009, 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			(e) Total
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	
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
N/A

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

c Any submission deadlines
N/A

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

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 N/A				
Total			▶ 3a	
b Approved for future payment N/A				
Total			▶ 3b	

Schedule B
(Form 990, 990-EZ,
or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2009

Name of the organization

HARRY E. CANADAY FUND

Employer identification number

27-6097607

Organization type (check one)

Filers of:

Section:

Form 990 or 990-EZ

501(c)() (enter number) organization

4947(a)(1) nonexempt charitable trust not treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

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

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

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, aggregate contributions of more than \$1,000 for use exclusively for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use exclusively for religious, charitable, etc., purposes, but these contributions did not aggregate to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an exclusively religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year. ▶ \$

Caution An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it must answer "No" on Part IV, line 2 of its Form 990, or check the box in the heading of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2009)

Name of organization HARRY E. CANADAY FUND	Employer identification number 27-6097607
--	---

Part I Contributors (see instructions)

(a) No.	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	HARRY E. CANADAY 1408 CANTERBURY ROAD RALEIGH NC 27607	\$ 2,989,626	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization HARRY E. CANADAY FUND	Employer identification number 27-6097607
--	---

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	52,000 SHRS OWENS & MINOR INC	\$ 1,865,760	04/18/09
1	9,600 SHRS AMGEN INC	\$ 448,512	04/18/09
1	4,600 SHRS BIOGEN-IDEC INC	\$ 228,114	04/18/09
1	5,200 SHRS WATSON PHARMACEUTICAL	\$ 156,104	04/18/09
1	5,403 SHRS ALLSTATE CORP	\$ 123,296	04/18/09
1	9,000 SHRS WASHINGTON MUTAL F/K/A PROVIDIAN FINANCIAL	\$ 540	04/18/09

Name of organization

HARRY E. CANADAY FUND

Employer identification number

27-6097607

Part II Noncash Property (see instructions)

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	5,000 SHRS ELAN PHARMACEUTICALS	\$ 29,350	04/18/09
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	5,000 SHRS CORNING INC	\$ 75,150	04/18/09
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	- 14,144 SHRS AEGON	\$ 62,800	04/18/09
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		\$	

27-6097607

Federal Statements

FYE: 12/31/2009

Statement 1 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

<u>Description</u>	<u>Beginning of Year</u>	<u>End of Year</u>	<u>Basis of Valuation</u>	<u>Fair Market Value</u>
52,000 SHRS OWENS & MINOR	\$	\$ 1,865,760	COST	\$ 2,232,360
9,600 SHRS AMGEN INC		448,512	COST	543,072
4,600 SHRS BIOGEN-IDEC INC		228,114	COST	246,100
5,200 SHRS WATSON PHARMACEUTICALS		156,104	COST	205,972
5,403 SHRS ALLSTATE CORP		123,296	COST	162,306
9,000 SHRS WASHINGTON MUTUAL		540	COST	1,251
5,000 SHRS ELAN PHARMACETICALS		29,350	COST	32,600
5,000 SHRS CORNING INC		75,150	COST	96,550
14,144 SHRS AEGON		62,800	COST	90,663
TOTAL	<u>\$ 0</u>	<u>\$ 2,989,626</u>		<u>\$ 3,610,874</u>

Federal Statements

Statement 2 - Form 990-PF, Part VII-A, Line 10 - Substantial Contributors

Name

Address

City, State, Zip

HARRY E. CANADAY (DECEASED)

1408 CANTERBURY ROAD
RALEIGH NC 27608

Federal Statements**Taxable Interest on Investments**

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business Code</u>	<u>Exclusion Code</u>	<u>Postal Code</u>
UBS FINANCIAL SERVICES, INC.	\$ <u>5</u>		14	
TOTAL	\$ <u><u>5</u></u>			

Taxable Dividends from Securities

<u>Description</u>	<u>Amount</u>	<u>Unrelated Business Code</u>	<u>Exclusion Code</u>	<u>Postal Code</u>
UBS FINANCIAL SERVICES, INC.	\$ 25,501		14	
OTHER MISC DIVIDENDS	<u>31</u>		14	
TOTAL	\$ <u><u>25,532</u></u>			

NORTH CAROLINA

JOHNSTON COUNTY

TRUST MODIFICATION AGREEMENT

This TRUST MODIFICATION AGREEMENT made this ~~October 18~~, 2010, by and among CATHERINE C. MCLAMB, individually, as Trustee under the Harry E. Canaday Fund, under Will dated January 12, 2005, and BENSON BAPTIST CHURCH, BENSON UNITED METHODIST CHURCH, BENSON MUSEUM OF LOCAL HISTORY and THE MARY DUNCAN PUBLIC LIBRARY (herein, "Parties"), contains the following recitals and agreements of the parties:

RECITALS

1. This Trust Modification Agreement sets forth the consent of all interested persons (as defined in N.C. Gen. Stat. § 36C-1-111(a)) with respect to the modification of that certain trust agreement, namely: Harry E. Canaday Fund Under Will (herein, "Trust Agreement" or "Fund").

2. The Trust Agreement is a testamentary trust created under the Last Will and Testament of Harry E. Canaday, executed by Harry E. Canaday on January 12, 2005.

3. Harry E. Canaday ("Decedent") died testate on April 18, 2009, as a citizen and resident of Johnston County, North Carolina; his Last Will and Testament was offered for probate on April 27, 2009, and appears of record in file number 09 E 381, Office of the Clerk of Superior Court of Johnston County.

4. Catherine C. McLamb is named as Trustee under the Trust Agreement. Benson Baptist Church, Benson United Methodist Church, Benson Museum of Local History and The Mary Duncan Public Library are all of and the only named charitable beneficiaries under the Trust Agreement.

5. The Trust Agreement is an existing trust, having its principal office in Johnston County, North Carolina.

6. Catherine C. McLamb is a citizen and resident of Wake County, North Carolina.

7. Benson Baptist Church is a non-profit charitable organization with an office in Johnston County, North Carolina.

8. Benson United Methodist Church is a non-profit charitable organization with an office in Johnston County, North Carolina.

9. Benson Museum of Local History is a non-profit charitable organization with an office in Johnston County, North Carolina.

10. The Mary Duncan Public Library is a non-profit charitable organization with an office in Johnston County, North Carolina.

TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 2

11. The Parties hereto are all *sui juris*, represent the named trustee and all of the beneficiaries who have or may claim an interest under the Trust Agreement that would be affected by any modification or termination to the Trust Agreement.

12. N.C. Gen. Stat. 36C-2-203(a) states that clerks of superior court shall have original jurisdiction over all proceedings concerning internal affairs of trusts, however 36C-2-203(f)(1) limits the jurisdiction of clerks of superior court for actions to reform, terminate, or modify a trust as provided by N.C. Gen. Stat. 36C-4-410 through -416.

13. N.C. Gen. Stat. 36C-4-410 provides that a trustee or beneficiary may commence a proceeding to approve the modification a trust.

14. N.C. Gen. Stat. 36C-4-412 provides that the court may modify a trust because of circumstances not anticipated by the settlor or because modification will further the purposes of the trust.

15. N.C. Gen. Stat. 36C-4-416 provides that the court may modify a trust to achieve the settlor's tax objectives, as long as such modification is not contrary to the settlor's probable intention.

16. N.C. Gen. Stat. 36C-2-205(b) provides that uncontested trust proceedings where all parties join shall be commenced by the filing of a petition setting forth the facts entitling the petitioners to relief and the nature of the relief demanded; the clerk of superior court may hear and decide the petition summarily.

17. The Decedent's intent in creating the trust was to create a permanent foundation for the long lasting benefit of the four named charitable organizations.

18. Due to the current trust administration requirements, the Trustee is not able to sell or exchange any trust holdings for the first 50 years of its existence. However, the holdings will not produce enough distributable income to meet the required minimum distribution rules under the Internal Revenue Code for private foundations.

19. All interested parties are made a party hereto, consent that modification does not defeat the material purpose of the trust, believe modification is necessary to accomplish the true intent of the trust, and that it is in the best interests of all Parties that the Trust Agreement be modified. The parties are convinced that Decedent wished for this Fund to last for many years to come and not be depleted due to tax reasons.

20. The Parties request that the Attorney General of the State of North Carolina approve this Trust Modification Agreement as provided in N.C. Gen. Stat. § 36C-2-205(i).

TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 3

21. The Parties request that the Clerk of Superior Court of Johnston County and the Senior Resident Superior Court Judge of Johnston County approve this Trust Modification Agreement as provided in N.C. Gen. Stat. §§ 36C-1-111(d), 36C-2-203(f), 36C-2-205(b), 36C-4-410(b), 36C-4-412, and 36C-4-416.

22. This Trust Modification Agreement was made and entered into following arms-length negotiations among the Parties.

23. The Parties further acknowledge that unnecessary costs and expenses would accrue and be paid out of the trust assets if the modification of the Trust Agreement had to be litigated, as well as a possible delay in the administration of the Trust Agreement, both of which have influenced the decisions made by the Parties to enter into this Trust Modification Agreement.

24. Based upon the foregoing factors, in order to avoid the additional expenses of litigation, in order to obtain a known and certain result without litigation, in order to bring about a sure and satisfactory result, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties have entered into this Trust Modification Agreement upon the following terms and conditions, subject to the approval of the Clerk of Superior Court of Johnston County and the Senior Resident Superior Court Judge of Johnston County, in accordance with the applicable requirements of law.

AGREEMENT

NOW THEREFORE, BASED UPON THE FACTORS recited above and in further consideration of the respective promises, covenants and agreements of the Parties as hereinafter set forth, the Parties agree as follows:

1. The Parties agree that Article Three, paragraph b. of the Trust Agreement shall be modified and replaced in its entirety as follows:

b. For a period of fifty (50) years following the date of my death, the Trustee shall distribute annually the greater of five (5) percent of the fair market value of the trust assets, valued on the first business day of each taxable year, or the net investment income of the Fund to the charitable beneficiaries in the proportion set out in paragraph a. above, who may use and expend the same in any manner approved by their respective Board of Deacons, Board of Trustees, Board of Directors or other governing body in furtherance of their respective charitable purposes.

2. The Parties agree that Article Three, paragraph c. of the Trust Agreement shall be modified and replaced in its entirety as follows:

TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 4

c. The Trustee shall enjoy the power of sale or exchange of all stock issues held in the fund.

3. The Parties agree that Article Three, paragraph d. of the Trust Agreement shall be modified and replaced in its entirety as follows:

d. After the end of the fifty (50) year period and in addition to the mandatory annual distribution provided for in paragraph b. above, the Trustee may distribute to the named charities, in the proportions set out in paragraph a. above, all or any part of the Fund, including principal and income, at any time for any authorized purpose, in the Trustee's absolute discretion. I instruct the Trustee, however, that I intend for this endowment to be a permanent endowment and the Trustee should act in accordance with that intent to the extent reasonable and practicable.

4. The Parties agree that a new paragraph h. is added to Article Three of the Trust Agreement, to read as follows:

h. Trustee fees, counsel fees, investment advisory fees and custodial fees, including any counsel fees and court costs associated with any modification of this agreement, shall be apportioned pursuant to the Uniform Principal and Income Act codified in Chapter 37A of the North Carolina General Statutes and particularly Article 5 thereof.

5. The Parties request that the Attorney General of the State of North Carolina sign a written statement attesting to the approval of this Trust Modification Agreement as provided by N.C. Gen. Stat. § 36C-2-205(i).

6. The Parties request that the Clerk of Superior Court of Johnston County and the Senior Resident Superior Court Judge of Johnston County summarily enter an order approving this Trust Modification Agreement as provided by N.C. Gen. Stat. §§ 36C-1-111(d), 36C-2-203(f), 36C-2-205(b), 36C-4-410(b), 36C-4-411, 36C-4-412, and 36C-4-414

7. Upon approval of this Trust Modification Agreement, the Trustee shall direct the investment of the Fund assets so as to preserve the principal of the Fund for a permanent endowment for the benefit of the named charities.

8. All interested parties are made a part of this Trust Modification Agreement. Despite its modification, all parties hereto agree that distribution of the trust assets as provided herein are consistent with the material purpose of the Trust Agreement, and all believe such modification is in the best interests of all Parties and the Trust Agreement.

9. The Parties hereto agree to execute any additional instruments that may be reasonably required to complete the modification as contemplated by this Trust Modification

TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 5

Agreement, provided such additional instruments are in a form reasonably satisfactory to the Parties hereto.

10. Counsel for the Parties shall take all necessary and appropriate action to submit this agreement to the Clerk of Superior Court of Johnston County, the Senior Resident Superior Court Judge of Johnston County and the Attorney General for the State of North Carolina for approval. It is understood and agreed that this Trust Modification Agreement shall not become effective until and unless an order of the Superior Court has been entered approving it in all respects and findings of fact have been made that this Trust Modification Agreement is in and serves the best interests of all Parties. The Parties further agree that if a judgment is entered by the Clerk of Superior Court of Johnston County and the Senior Resident Superior Court Judge of Johnston County approving this agreement in full, unconditionally and without modification, all rights to appeal, to move to amend the judgment or correct the judgment, or to take any other action which would prevent the judgment from being immediately, fully, and finally enforceable and effective are irrevocably waived and released.

11. This Trust Modification Agreement shall be and is binding upon the Parties and shall inure to the benefit of the parties, their respective heirs, representatives, successors, and assigns.

12. Each Party to this Trust Modification Agreement acknowledges receipt of full and fair consideration for the respective promises and covenants of the Parties as herein set forth.

13. The Parties covenant and agree that this agreement sets forth all terms and conditions upon which they have agreed, that there are no conditions or agreements other than those stated in this instrument and that all prior negotiations and representations have been merged into and terminated by this instrument.

14. The law of the State of North Carolina shall govern all aspects of the Trust Modification Agreement.

15. This agreement may be executed in multiple counterparts that together shall constitute the original.

IN WITNESS WHEREOF, the Parties have hereunto affixed their representative signatures and seals as of the day and year first written above.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK;
SEPARATE SIGNATURE PAGES TO FOLLOW]**

TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 6

NORTH CAROLINA
JOHNSTON COUNTY

CATHERINE C. MCLAMB, first being duly sworn, deposes and says:

That she, in the undersigned capacity, has read the foregoing Trust Modification Agreement and that the same is true of her own knowledge, except as to those matters and things set forth therein upon information and belief, and as to those, she believes them to be true.

This 18 day of October 2010.

BY: Catherine C. McLamb (SEAL)
Catherine C McLamb, individually, as
Trustee under the Harry E. Canaday Fund

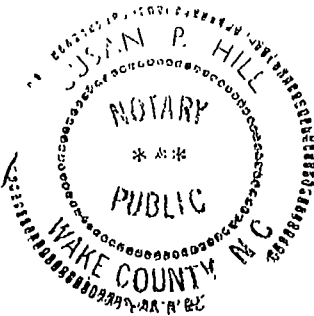
Sworn to and subscribed before me,

this 18 day of October 2010.

Susan P. Hill
Notary Public

Printed Name of Notary Public: Susan P. Hill

My Commission expires: 8/12/2013



TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 7

NORTH CAROLINA
JOHNSTON COUNTY

Michael L. Adams first being duly sworn, deposes and says:

That he/she, in the undersigned capacity, has read the foregoing Trust Modification Agreement and that the same is true of his/her own knowledge, except as to those matters and things set forth therein upon information and belief; and as to those, he/she believes them to be true.

This 20 day of October 2010.

BENSON BAPTIST CHURCH, INC.

BY: Michael L. Adams (SEAL)
Michael L. Adams, Chairman of
the Board of Trustees

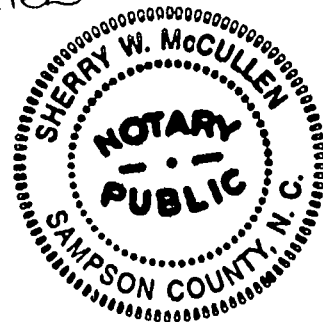
Sworn to and subscribed before me,

this 20 day of October 2010.

Sherry W. McCullen
Notary Public

Printed Name of Notary Public: Sherry W McCullen

My Commission expires: 2/28/2014



TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 8

NORTH CAROLINA
JOHNSTON COUNTY

Jack Littleton, first being duly sworn, deposes and says:

That he/she, in the undersigned capacity, has read the foregoing Trust Modification Agreement and that the same is true of his/her own knowledge, except as to those matters and things set forth therein upon information and belief; and as to those, he/she believes them to be true.

This 20 day of October 2010.

BENSON-UNITED METHODIST CHURCH

BY: [Signature] (SEAL)
Jack Littleton, Trustee

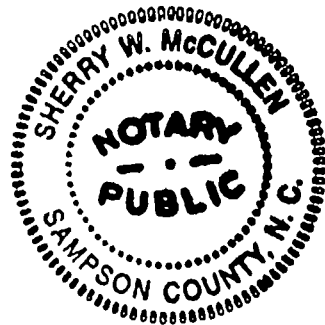
Sworn to and subscribed before me,

this 20 day of October 2010.

[Signature]
Notary Public

Printed Name of Notary Public: Sherry W. McCullen

My Commission Expires: 2/28/2014



TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 9

NORTH CAROLINA
JOHNSTON COUNTY

O. Hampton Whittington, first being duly sworn, deposes and says:

That he, in the undersigned capacity, has read the foregoing Trust Modification Agreement and that the same is true of his own knowledge, except as to those matters and things set forth therein upon information and belief; and as to those, he believes them to be true.

This 19 day of October 2010.

BENSON MUSEUM OF LOCAL HISTORY

BY: [Signature] (SEAL)
O. Hampton Whittington, Chairman of
the Board of Trustees

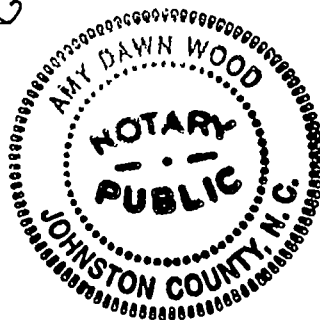
Sworn to and subscribed before me,

this 19th day of October 2010.

[Signature]
Notary Public

Printed Name of Notary Public: Amy Dawn Wood

My Commission expires: 11/29/2013



TRUST MODIFICATION AGREEMENT
HARRY E. CANADAY FUND UNDER WILL
PAGE 10

NORTH CAROLINA
JOHNSTON COUNTY

SUZANNE
(SBC) ~~Susan~~ B. Cook, first being duly sworn, deposes and says:

That she, in the undersigned capacity, has read the foregoing Trust Modification Agreement and that the same is true of her own knowledge, except as to those matters and things set forth therein upon information and belief; and as to those, she believes them to be true.

This 21 day of October 2010.

THE MARY DUNCAN PUBLIC LIBRARY

BY: Suzanne B. Cook (SEAL)
(SBC) SUZANNE ~~Susan~~ B. Cook, Chairman of the Board
of Trustees

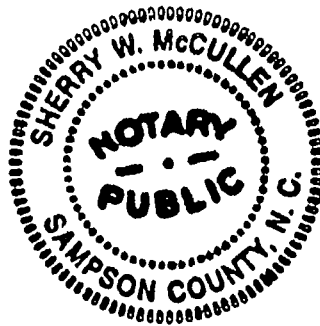
Sworn to and subscribed before me,

this 21 day of October 2010.

Sherry W. McCullen
Notary Public

Printed Name of Notary Public: Sherry W. McCullen

My Commission expires: 2/28/2014



NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE
SUPERIOR COURT DIVISION

JOHNSTON COUNTY

File No.: 09 E 381

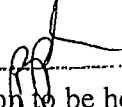
2010 OCT 28 P 3:44

IN RE: MODIFICATION OF
HARRY E. CANADAY FUND
UNDER WILL

JOHNSTON CO., N.C.

**ORDER APPROVING
TRUST MODIFICATION AGREEMENT**

BY



THIS MATTER came on to be heard and was heard upon Petition by Matthew S. McGonagle, counsel for the Harry E. Canaday Fund Under Will, for approval of a Trust Modification Agreement pursuant to N.C. Gen. Stat. §§ 36C-1-111(d), 36C-2-203(f), 36C-2-205(b), 36C-4-410(b), 36C-4-412, and 36C-4-416

FROM THE RECORD and evidence presented, the Court makes the following

FINDINGS OF FACT:

1. The Trust Modification Agreement sets forth the consent of all interested persons (as defined in N.C. Gen. Stat. § 36C-1-111(a)) with respect to the modification of that certain trust agreement, namely: Harry E. Canaday Fund Under Will (herein, "Trust Agreement").
2. The Trust Agreement is a testamentary trust created under the Last Will and Testament of Harry E. Canaday, executed by Harry E. Canaday on January 12, 2005.
3. Harry E. Canaday ("Decedent") died testate on April 18, 2009, as a citizen and resident of Johnston County, North Carolina; his Last Will and Testament was offered for probate on April 27, 2009 and appears of record in file number 09 E 381, Office of the Clerk of Superior Court of Johnston County.
4. Catherine C. McLamb is named as Trustee under the Trust Agreement. Benson Baptist Church, Benson United Methodist Church, Benson Museum of Local History and The Mary Duncan Public Library are all of and the only named charitable beneficiaries under the Trust Agreement.
5. The Trust Agreement is an existing trust, having its principal office in Johnston County, North Carolina.
6. Catherine C. McLamb is a citizen and resident of Raleigh, Wake County, North Carolina.
7. Benson Baptist Church is a non-profit charitable organization with an office in Johnston County, North Carolina.
8. Benson United Methodist Church is a non-profit charitable organization with an office in Johnston County, North Carolina.

9. Benson Museum of Local History is a non-profit charitable organization with an office in Johnston County, North Carolina.

10. The Mary Duncan Public Library is a non-profit charitable organization with an office in Johnston County, North Carolina.

11. The Parties hereto are all *sui juris*, represent the named trustee and all of the beneficiaries who have or may claim an interest under the Trust Agreement that would be affected by any modification or termination to the Trust Agreement.

12. N.C. Gen. Stat. 36C-2-203(a) states that clerks of superior court shall have original jurisdiction over all proceedings concerning internal affairs of trusts, however 36C-2-203(f)(1) limits the jurisdiction of clerks of superior court for actions to reform, terminate, or modify a trust as provided by N.C. Gen. Stat. 36C-4-410 through 416.

13. N.C. Gen. Stat. 36C-4-410 provides that a trustee or beneficiary may commence a proceeding to approve the modification of a trust.

14. N.C. Gen. Stat. 36C-4-412 provides that the court may modify a trust because of circumstances not anticipated by the settlor or because modification will further the purposes of the trust.

15. N.C. Gen. Stat. 36C-4-416 provides that the court may modify a trust to achieve the settlor's tax objectives, as long as such modification is not contrary to the settlor's probable intention.

16. N.C. Gen. Stat. 36C-2-205(b) provides that uncontested trust proceedings where all parties join shall be commenced by the filing of a petition setting forth the facts entitling the petitioners to relief and the nature of the relief demanded; the clerk of superior court may hear and decide the petition summarily.

17. N.C. Gen. Stat. 36C-2-205(i) provides that in every trust proceeding with respect to a charitable trust, the Attorney General shall be notified and given an opportunity to be heard, such notice and waiver of further need to be heard being provided by Greg P. Roney, Assistant Attorney General in a letter dated October 26, 2010, said letter being attached hereto.

18. The Decedent's intent in creating the trust was to create a permanent foundation for the long lasting benefit of the four named charitable organizations.

19. Due to the current trust administration requirements, the Trustee is not able to sell or exchange any trust holdings for the first 50 years of its existence. However, the holdings will not produce enough distributable income to meet the required minimum distribution rules under the Internal Revenue Code for private charitable foundations.

20. All interested parties are made a party hereto, consent that modification does not defeat the material purpose of the trust, believe modification is necessary to accomplish the true intent of the trust, and that it is in the best interests of all Parties that the Trust Agreement be

modified. The parties are convinced that Decedent wished for this Fund to last for many years to come and not be depleted due to tax reasons.

21. The Trust Modification Agreement was made and entered into following arms-length negotiations between the Parties.

22. Unnecessary costs and expenses would accrue out of the trust assets if the modification of the Trust Agreement had to be litigated, as well as a possible delay in the administration of the Trust Agreement.

23. The Trust Modification Agreement, a copy of which is attached to and incorporated by reference into this judgment, is fair, reasonable, and equitable in all respects, has been entered into in good faith after arms-length negotiations, and has been entered into by all interested parties, who are all of full age and competent.

24. Based upon the recitations in the Trust Modification Agreement, such modification is consistent with the material purposes of the Trust Agreement and the agreement serves and promotes the best interests and welfare of all parties and the Trust Agreement.

25. The Trust Modification Agreement attached hereto and incorporated by reference authorizes and requests entry of this decree and should therefore be approved in all respects.

UPON THE FOREGOING FINDINGS OF FACT, THE COURT MAKES THE FOLLOWING

CONCLUSIONS OF LAW:

1. The Court has jurisdiction over the subject matter and the parties to this action.
2. The Trust Modification Agreement is fair, reasonable, in the best interests of all Parties, has been fairly entered into as a result of arms-length negotiations, and the rights of others, including creditors of the Trust Agreement, if any, are not adversely affected thereby.
3. With the consent of all interested parties given under the Trust Modification Agreement, the Clerk of Superior Court of Johnston County and the Senior Resident Superior Court Judge of Johnston County have the authority to modify the Trust Agreement pursuant to N.C. Gen. Stat. §§ 36C-1-111(d), 36C-2-203(f), 36C-2-205(b), 36C-4-410(b), 36C-4-412, and 36C-4-416.
3. The Trust Modification Agreement attached hereto and incorporated herein by reference is a valid and enforceable contract binding upon the parties and should be approved and confirmed in all respects.

NOW, THEREFORE, BASED UPON THE EVIDENCE PRESENTED AND THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, IT IS ORDERED, ADJUDGED AND DECREED THAT:

1. The Court has jurisdiction over the subject matter and of all parties to this action.
2. All interested parties are made a part of the Trust Modification Agreement. The modification of the Trust Agreement as provided for in the Trust Modification Agreement is consistent with the material purpose of the Trust Agreement and is in the best interests of all parties and the Trust Agreement.
3. The Trust Modification Agreement attached hereto and incorporated herein by reference shall be and hereby is approved in all respects.

This 28 day of October 2010.

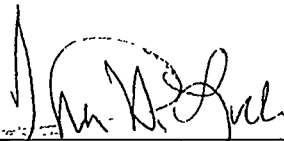
Pursuant to N.C. Gen. Stat. §§ 36C-1-111(d), 36C-2-203(a) and 36C-2-205(b) the undersigned clerk of superior court hereby approves the issuance of this order.



The Honorable Will R. Crocker
Clerk of the Superior Court of Johnston County

Pursuant to N.C. Gen. Stat. §§ 36C-2-203(f), 36C-4-410(b), 36C-4-412 and 36C-4-416, the undersigned resident judge of superior court hereby approves the issuance of this order.

This 28th day of Oct 2010.



Honorable Thomas H. Lock
Resident Superior Court Judge of Johnston County

● If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II and check this box

Note Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868

● If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1)

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed)

Type or print File by the extended due date for filing the return See instructions	Name of Exempt Organization HARRY E. CANADAY FUND	Employer identification number 27-6097607
	Number, street, and room or suite no If a P O box, see instructions 1408 CANTERBURY ROAD	For IRS use only
	City, town or post office, state, and ZIP code For a foreign address, see instructions RALEIGH NC 27608	

Check type of return to be filed (File a separate application for each return)

- Form 990
- Form 990-PF
- Form 1041-A
- Form 6069
- Form 990-BL
- Form 990-T (sec 401(a) or 408(a) trust)
- Form 4720
- Form 8870
- Form 990-EZ
- Form 990-T (trust other than above)
- Form 5227

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868

● The books are in the care of **▶ CATHERINE CANADAY MCLAMB**

Telephone No **▶ 919-787-4040** FAX No **▶**

● If the organization does not have an office or place of business in the United States, check this box

● If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

- 4 I request an additional 3-month extension of time until **11/15/10**
- 5 For calendar year, or other tax year beginning **04/18/09**, and ending **12/31/09**
- 6 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period
- 7 State in detail why you need the extension
SEE STATEMENT

8a	If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits See instructions	8a	\$	510
b	If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868	8b	\$	511
c	Balance Due. Subtract line 8b from line 8a Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions	8c	\$	0

Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature **▶**

Title **▶ CPA**

Date **▶ 08/04/10**

Form **8868** (Rev 4-2009)

COPY

HARRY E. CANADAY FUND
27-6097607
FOR THE YEAR ENDED 12/31/2009

SINCE 2009 IS THE INITIAL YEAR OF THE FUND BEING ESTABLISHED AND FUNDED, ADDITIONAL TIME IS REQUESTED TO GATHER INFORMATION TO PREPARE A COMPLETE AND ACCURATE TAX RETURN.



Form **8868**
(Rev. April 2009)
Department of the Treasury
Internal Revenue Service

Application for Extension of Time To File an Exempt Organization Return

► File a separate application for each return.

OMB No 1545-109

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
 - If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II (on page 2 of this form)
- Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868**

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension—check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Electronic Filing (e-file). Generally, you can electronically file Form 8868 if you want a 3-month automatic extension of time to file one of the returns noted below (6 months for a corporation required to file Form 990-T). However, you cannot file Form 8868 electronically if (1) you want the additional (not automatic) 3-month extension or (2) you file Forms 990-BL, 6069, or 8870, group returns, or a composite or consolidated Form 990-T. Instead, you must submit the fully completed and signed page 2 (Part II) of Form 8868. For more details on the electronic filing of this form, visit www.irs.gov/efile and click on e-file for Charities & Nonprofits

Type or print File by the due date for filing your return. See instructions	Name of Exempt Organization HARRY E. CANADAY FUND	Employer identification number 27 6097607	
	Number, street, and room or suite no. If a P O box, see instructions 1408 CANTERBURY ROAD		
	City, town or post office, state, and ZIP code. For a foreign address, see instructions RALEIGH, NORTH CAROLINA 27608		

Check type of return to be filed (file a separate application for each return):

- | | | |
|---|---|------------------------------------|
| <input type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation) | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ | <input type="checkbox"/> Form 990-T (trust other than above) | <input type="checkbox"/> Form 6069 |
| <input checked="" type="checkbox"/> Form 990-PF | <input type="checkbox"/> Form 1041-A | <input type="checkbox"/> Form 8870 |

• The books are in the care of ► **CATHERINE CANADAY MCLAMB, TRUSTEE**

Telephone No. ► (**919**) **787-4040** FAX No. ► ()

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ If this is for the whole group, check this box If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **AUGUST 15**, 20**10**, to file the exempt organization return for the organization named above. The extension is for the organization's return for

► calendar year 20..... or

► tax year beginning **APRIL 18**, 20**09**, and ending **DECEMBER 31**, 20**09**.

2 If this tax year is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a	\$	511
b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0
c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	511

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions