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Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning , and ending

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: Donnie Royal Foundation

Number and street (or P O box number if mail is not delivered to street address): 3620 Cape Center Dr. Room/suite:

City or town, state, and ZIP code: Fayetteville NC 28304

A Employer identification number: 91-2052930

B Telephone number (see page 10 of the instructions): 910-323-0191

C If exemption application is pending, check here ☐

D 1. Foreign organizations, check here ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ☐

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

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

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

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ $ 1,569,998

J Accounting method [X] 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 investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)				
	2	Check ▶ [X] if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	20,187	20,187		
	4	Dividends and interest from securities	42,410	42,410		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	-116,721			
	b	Gross sales price for all assets on line 6a 529,106				
	7	Capital gain net income (from Part IV, line 2)		0		
	8	Net short-term capital gain			0	
	9	Income modifications				
	10a	Gross sales less returns & allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule) Stmt 1	2,830	2,830		
	12	**Total.** Add lines 1 through 11	-51,294	65,427	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) Stmt 2	2,000			
	c	Other professional fees (attach schedule) Stmt 3	150	150		
	17	Interest	854	854		
	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 (att sch)				
	24	**Total operating and administrative expenses.** Add lines 13 through 23	3,004	1,004		0
	25	Contributions, gifts, grants paid	105,000			105,000
	26	**Total expenses and disbursements.** Add lines 24 and 25	108,004	1,004	0	105,000
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-159,298			
	b	**Net investment income** (if negative, enter -0-)		64,423		
	c	**Adjusted net income** (if negative, enter -0-)			0	

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

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Form 990-PF (2009) Donnie Royal Foundation 91-2052930 Page 2

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	44,816	10,267	10,267
	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		2,624	
	10a	Investments—U S and state government obligations (attach schedule) Stmt 4	90,198	141,308	143,243
	b	Investments—corporate stock (attach schedule) See Stmt 5	1,189,210	1,042,464	1,096,662
	c	Investments—corporate bonds (attach schedule) See Stmt 6	133,007	134,022	133,874
	11	Investments—land, buildings, and equipment basis ▶			
		Less accumulated depreciation (attach sch.) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule) See Statement 7	212,175	183,659	185,952
	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)	1,669,406	1,514,344	1,569,998
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 ▶** [X] **and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted	1,669,406	1,514,344	
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ [ ] **and complete lines 27 through 31.**			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	**Total net assets or fund balances** (see page 17 of the instructions)	1,669,406	1,514,344	
	31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	1,669,406	1,514,344	

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	1,669,406
2	Enter amount from Part I, line 27a	2	-159,298
3	Other increases not included in line 2 (itemize) ▶	3	4,238
4	Add lines 1, 2, and 3	4	1,514,346
5	Decreases not included in line 2 (itemize) ▶ See Statement 8	5	2
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	1,514,344

DAA

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	See Worksheet			
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	-117,160
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	-28,282

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

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2008	100,000	1,741,485	0.057422
2007	100,000	1,974,206	0.050653
2006	100,000	1,844,679	0.054210
2005	100,000	1,787,896	0.055932
2004	100,000	1,756,146	0.056943

2 **Total** of line 1, column (d)	2	0.275160
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.055032
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	1,419,942
5 Multiply line 4 by line 3	5	78,142
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	644
7 Add lines 5 and 6	7	78,786
8 Enter qualifying distributions from Part XII, line 4	8	105,000

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☒ and enter 1% of Part I, line 27b	1	644
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	644
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	644
6	Credits/Payments		
a	2009 estimated tax payments and 2008 overpayment credited to 2009 — 6a: 2,624		
b	Exempt foreign organizations—tax withheld at source — 6b		
c	Tax paid with application for extension of time to file (Form 8868) — 6c		
d	Backup withholding erroneously withheld — 6d		
7	Total credits and payments Add lines 6a through 6d	7	2,624
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	1,980
11	Enter the amount of line 10 to be **Credited to 2010 estimated tax** ▶ 1,980 **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		X
	If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ______ **(2)** On foundation managers ▶ $ ______			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ______			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) ▶ NC			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2009 or the taxable year beginning in 2009 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities (continued)

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ William T. Allen Telephone no ▶ 910-323-0191

3620 Cape Center Dr.

Located at ▶ Fayetteville, NC ZIP+4 ▶ 28304

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 20 of the instructions)?	N/A	1b		
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?	N/A	1c		
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	☐ 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 20 of the instructions)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20 , 20 , 20 , 20				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
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	3b		
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 2009?		4b		X

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

5a	During the year did the foundation pay or incur any amount to			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes ☒ No		
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☒ No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☒ No		
	(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions)	☐ Yes ☒ No		
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes ☒ No		
b	If any answer is "Yes" to 5a(1)-(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)?	N/A	5b	
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	N/A ☐ Yes ☐ No		
	If "Yes," attach the statement required by Regulations section 53 4945-5(d)			
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☒ No		
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b	X
	If "Yes" to 6b, file Form 8870			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b	

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see page 22 of the instructions).

(a) Name and address		(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
William T. Allen 3620 Cape Center	Fayetteville NC	President 0.00	0	0	0
Henry Turlington 1600 Quaker Ridge	Raleigh NC	Treasurer 0.00	0	0	0
Kenneth Royal P.O. Box 368	Salemburg NC	V-President 0.00	0	0	0
Dr. Douglas Kelly 500 East Cleveland St.	Dillon SC	Secretary 0.00	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	
All other program-related investments See page 24 of the instructions 3	
Total. Add lines 1 through 3 ▶	

Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes			
a	Average monthly fair market value of securities		1a	1,397,617
b	Average of monthly cash balances		1b	43,948
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	1,441,565
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	1,441,565
4	Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)		4	21,623
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4		5	1,419,942
6	**Minimum investment return.** Enter 5% of line 5		6	70,997

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	70,997
2a	Tax on investment income for 2009 from Part VI, line 5	2a 644		
b	Income tax for 2009 (This does not include the tax from Part VI)	2b		
c	Add lines 2a and 2b		2c	644
3	Distributable amount before adjustments Subtract line 2c from line 1		3	70,353
4	Recoveries of amounts treated as qualifying distributions		4	
5	Add lines 3 and 4		5	70,353
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	70,353

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	105,000
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	105,000
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	644
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	104,356

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					70,353
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	12,021				
b From 2005	11,906				
c From 2006	10,492				
d From 2007	3,052				
e From 2008	14,540				
f **Total** of lines 3a through e		52,011			
4 Qualifying distributions for 2009 from Part XII, line 4 ▶ $ 105,000					
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					70,353
e Remaining amount distributed out of corpus		34,647			
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		86,658			
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					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 2004 not applied on line 5 or line 7 (see page 27 of the instructions)		12,021			
9 **Excess distributions carryover to 2010.** Subtract lines 7 and 8 from line 6a		74,637			
10 Analysis of line 9					
a Excess from 2005	11,906				
b Excess from 2006	10,492				
c Excess from 2007	3,052				
d Excess from 2008	14,540				
e Excess from 2009	34,647				

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))

Donnie M. Royal, MD (Deceased 2001)

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

William T. Allen 910-323-0191
3620 Cape Center Dr. Fayetteville NC 28304

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

Contact Individual in 2A for details

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

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
Reformed Theological Semi 2101 Carmel Rd. Charlotte NC 28226-6318	None	501(c)(3)	Royal Scholarship	10,000
Knox Theological Seminary 5554 N. Federal Hwy. Fort Lauderdale FL 33308	None	501(c)(3)	Royal Scholarship	10,000
Sampson Community College P.O. Box 318 Clinton NC 28329	None	501(c)(3)	Nursing Scholarship	10,000
Salemburg Baptist Church P.O. Box 537 Salemburg NC 28385	None	Church	General Fund	10,000
Baptist Children's Home P.O. Box 338 Thomasville NC 27361	None	501(c)(3)	General Fund	10,000
Mars Hill College P.O. Box 370 Mars Hill NC 28754	None	501(c)(3)	General Fund	10,000
Campbell University P.O. Box 116 Buies Creek NC 27506	None	University	Piano for Chapel	25,000
Alternatives to Abortion P.O. Box 86 Salemburg NC 28385	None	501(c)(3)	Royal Home	10,000
Campbell University P.O. Box 116 Buies Creek NC 27506	None	University	Concert Series	10,000
Total			▶ 3a	105,000
b Approved for future payment N/A				
Total			▶ 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 28 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	20,187	
4 Dividends and interest from securities			14	42,410	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	2,830	
8 Gain or (loss) from sales of assets other than inventory			18	-116,721	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)		0		-51,294	0

13 **Total.** Add line 12, columns (b), (d), and (e) 13 -51,294

(See worksheet in line 13 instructions on page 28 to verify calculations)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See page 29 of the instructions)
N/A	

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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

d If the answer to any of the above is "Yes," complete the following schedule Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received

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

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

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here

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

▶ [signature] 5-06-10 ▶ President

Signature of officer or trustee Date Title

Paid Preparer's Use Only

Preparer's signature ▶ William Temple Allen, CPA, PA	Date 05/03/10	Check if self-employed ▶ ☐	Preparer's identifying number (see Signature on page 30 of the instructions) 244-64-8430
Firm's name (or yours if self-employed), address, and ZIP code ▶ William Temple Allen, CPA, P.A. 3620 Cape Center Drive Fayetteville, NC 28304			EIN ▶ 56-1833865 Phone no 910-323-0191

Form **990-PF**

Capital Gains and Losses for Tax on Investment Income

2009

For calendar year 2009, or tax year beginning , and ending

Name: Donnie Royal Foundation

Employer Identification Number: 91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	Bancorp Bank De US	P	05/08/09	06/02/09
(2)	Texas Cap Bank	P	04/16/09	05/22/09
(3)	Lehman Bros Holdings	P	01/24/08	01/21/09
(4)	500 Caterpillar	P	04/16/09	10/19/09
(5)	500 Dow Chemical	P	09/15/08	07/15/09
(6)	500 JP Morgan Chase & Co	P	09/16/08	04/16/09
(7)	100 KB Financial Group	P	04/24/08	01/21/09
(8)	200 J C Penney Inc.	P	04/24/08	01/21/09
(9)	250 Simon PPTY Group	P	01/21/09	10/19/09
(10)	18 Simon PPTY Group	P	Various	10/19/09
(11)	Banco Popular	P	10/11/07	04/17/09
(12)	Cit bank Salt Lake UT	P	04/17/07	04/27/09
(13)	First Federal Savings Bank	P	08/29/06	03/06/09
(14)	Firstbank Pr	P	01/24/08	02/01/09
(15)	HSBC Fin Corp	P	01/19/06	01/15/09

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	65,000		64,984	16
(2)	15,000		15,000	
(3)	2,495		25,374	-22,879
(4)	27,883		16,281	11,602
(5)	7,968		17,842	-9,874
(6)	16,123		19,839	-3,716
(7)	2,221		6,612	-4,391
(8)	3,353		8,595	-5,242
(9)	16,985		10,783	6,202
(10)	1,223		1,223	
(11)	25,000		25,000	
(12)	36,000		36,000	
(13)	25,000		25,000	
(14)	18,000		18,000	
(15)	20,000		20,000	

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
(1)				16
(2)				
(3)				-22,879
(4)				11,602
(5)				-9,874
(6)				-3,716
(7)				-4,391
(8)				-5,242
(9)				6,202
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

Form 990-PF

Capital Gains and Losses for Tax on Investment Income

2009

For calendar year 2009, or tax year beginning , and ending

Name: Donnie Royal Foundation

Employer Identification Number: 91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	500 Aetna	D	02/09/99	10/19/09
(2)	500 American Capital	P	05/24/06	01/21/09
(3)	200 Apache Corp	P	08/05/05	10/19/09
(4)	600 BB&T Corp	P	09/16/08	10/19/09
(5)	250 Celgene Corp	P	04/19/07	10/19/09
(6)	100 Celgene Corp	P	04/24/08	10/19/09
(7)	200 Fedex	P	06/22/07	01/21/09
(8)	300 General Electric	P	08/10/01	10/19/09
(9)	200 General Electric	P	03/23/04	10/19/09
(10)	100 General Electric	P	04/24/08	10/19/09
(11)	100 Goldman Sachs	P	06/22/07	01/21/09
(12)	25 Google	P	06/22/07	07/15/09
(13)	10 Google	P	01/24/08	07/15/09
(14)	400 Halliburton	P	10/11/07	07/15/09
(15)	200 KB Group	P	10/11/07	01/21/09

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	12,368		3,236	9,132
(2)	1,836		17,571	-15,735
(3)	20,460		14,007	6,453
(4)	15,882		19,817	-3,935
(5)	13,931		14,685	-754
(6)	5,572		6,465	-893
(7)	10,817		22,361	-11,544
(8)	4,677		13,062	-8,385
(9)	3,118		6,016	-2,898
(10)	1,559		3,396	-1,837
(11)	6,306		22,599	-16,293
(12)	10,845		13,135	-2,290
(13)	4,338		5,733	-1,395
(14)	8,097		16,529	-8,432
(15)	4,443		18,295	-13,852

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)				9,132
(2)				-15,735
(3)				6,453
(4)				-3,935
(5)				-754
(6)				-893
(7)				-11,544
(8)				-8,385
(9)				-2,898
(10)				-1,837
(11)				-16,293
(12)				-2,290
(13)				-1,395
(14)				-8,432
(15)				-13,852

Form 990-PF

Capital Gains and Losses for Tax on Investment Income

2009

For calendar year 2009, or tax year beginning , and ending

Name: Donnie Royal Foundation

Employer Identification Number: 91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	300 J C Penney	P	04/02/04	01/21/09
(2)	250 Prudential Financial	P	04/24/08	07/15/09
(3)	200 Research in Motion	P	06/22/07	01/21/09
(4)	250 Simon PPTY Group	P	08/22/01	10/19/09
(5)	150 Vornado Realty Trust	P	03/23/04	01/21/09
(6)	100 Vornado Realty Trust	P	06/16/04	01/21/09
(7)	600 Ishares MSCI Emerging	P	09/26/05	10/19/09
(8)	150 Ishares MSCi Emerging	P	01/19/06	10/19/09
(9)	600 Penn Virginia Resource	P	06/03/05	01/21/09
(10)	200 Penn Virginia Resource	P	01/18/07	01/21/09
(11)	FICO Series	P	06/09/06	08/08/09
(12)	FICO Series	P	06/09/06	06/06/09
(13)	FICO Series	P	06/09/06	05/30/09
(14)	Citigroup Capital	P	07/20/01	01/21/09
(15)				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	5,029		10,559	-5,530
(2)	9,750		19,204	-9,454
(3)	9,962		11,459	-1,497
(4)	16,985		7,777	9,208
(5)	7,098		9,108	-2,010
(6)	4,732		5,645	-913
(7)	24,389		16,829	7,560
(8)	6,097		4,826	1,271
(9)	7,681		14,362	-6,681
(10)	2,560		5,057	-2,497
(11)	5,000		5,000	
(12)	9,000		9,000	
(13)	10,000		10,000	
(14)	4,323		10,000	-5,677
(15)				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)				-5,530
(2)				-9,454
(3)				-1,497
(4)				9,208
(5)				-2,010
(6)				-913
(7)				7,560
(8)				1,271
(9)				-6,681
(10)				-2,497
(11)				
(12)				
(13)				
(14)				-5,677
(15)				

Federal Statements

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

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
UBS VU 21057 JJ	$ 2,822	$ 2,822	$
UBS VU 21057 JJ	8	8	
Total	$ 2,830	$ 2,830	$ 0

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Indirect Accounting Fees	$ 2,000	$	$	$
Total	$ 2,000	$ 0	$ 0	$ 0

Statement 3 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
UBS	$ 150	$ 150	$	$
Total	$ 150	$ 150	$ 0	$ 0

Statement 4 - Form 990-PF, Part II, Line 10a - US and State Government Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
FICO Series 2 Strip	$ 9,790	$	Cost	$
FICO Series 19 Strip	8,802		Cost	
FICO Series A Strips	4,849		Cost	
FFCB Bond	50,679	50,679	Cost	50,735
FICO Series 10 Strips	16,078	16,725	Cost	16,936
US Treasury INFL Prot Note		37,020	Cost	38,779
FHLB Call Bond		35,053	Cost	34,978
Govt Tr CTFS		1,831	Cost	1,815
Total	$ 90,198	$ 141,308		$ 143,243

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
400 Coca Cola Co Delaware	$ 18,000	$ 18,000	Cost	$ 22,800
300 General Electric Co.	13,062		Cost	
300 Goodrich Corp.	11,394	11,394	Cost	19,275
200 Simon Property Group Inc.	7,777		Cost	
700 Western Mgd High Income	5,894	5,894	Cost	4,053
1000 Western Mgd High Income	8,431	8,431	Cost	5,790
500 Aetna	3,236		Cost	
194 Procter & Gamble	5,798	5,798	Cost	11,762
200 Kellogg	5,800	5,800	Cost	10,640
50 Chevron/Texaco	2,366	2,366	Cost	3,850
200 Chevron/Texaco	10,690	10,690	Cost	15,398
600 Dominion Res Inc. NEW	19,596	19,596	Cost	23,352
150 Exxon	6,399	6,399	Cost	10,229

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
100 Exxon	$ 4,574	$ 4,574	Cost	$ 6,819
200 General Electric	6,016		Cost	
98 Procter & Gamble	3,963	3,963	Cost	5,942
200 Goodrich	5,884	5,884	Cost	12,850
200 Ishares Fund	9,233	9,233	Cost	11,056
300 Johnson & Johnson	15,194	15,194	Cost	19,323
200 Johnson & Johnson	12,850	12,850	Cost	12,882
100 Kellogg & Co.	3,990	3,990	Cost	5,320
300 J C Penney	10,559		Cost	
400 Progress Energy	19,184	19,184	Cost	16,404
150 Vornado Realty Tr REIT	9,108		Cost	
100 Vornado Realty Tr REIT	5,645		Cost	
1000 Dow Chemical CORTS	24,972	24,972	Cost	25,000
200 J P Morgan CAP XII	4,756	4,756	Cost	4,786
800 J P Morgan CAP XII	19,080	19,080	Cost	19,144
500 Alliance World Dollar Govt Fund	6,594	6,594	Cost	6,645
900 Alliance World Dollar Govt Fund	11,878	11,878	Cost	11,961
900 Managed High Income Portfolio	6,421	6,421	Cost	5,211
2000 Templeton Global Income Fund	18,626	18,626	Cost	19,000
300 Altria Group	4,778	4,778	Cost	5,889
200 Apache Corp	14,006		Cost	
600 Alliance World Dollar	7,552	7,552	Cost	7,974
300 Ishares	17,491	17,491	Cost	16,584
200 Ishares	16,828		Cost	
400 Magellan	13,039	13,039	Cost	17,332
900 Managed High Income Porfolio	5,894	5,894	Cost	4,053

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
600 Penn Virginia Resource	$ 14,361	$	Cost	$
500 Templeton Global Income Fund	4,606	4,606	Cost	4,750
500 American Capital Strategies	17,328		Cost	
800 Anglo American PLC Spon	13,972	13,972	Cost	15,935
200 Diageo PLC	15,426	15,426	Cost	13,882
200 Glaxo SmithKline	11,338	11,338	Cost	8,450
100 Glaxo SmithKline	5,258	5,258	Cost	4,225
100 Kellogg	4,728	4,728	Cost	5,320
108 Proctor & Gamble	6,065	6,065	Cost	6,548
600 Unilever	16,188	16,188	Cost	19,140
50 Ishares MSCI Emerging Markets	4,826		Cost	
1000 Alliance World Dollar	13,048	13,048	Cost	13,290
1000 John Hancock Preferred Income	25,441	25,441	Cost	17,100
1500 Templeton Global Income Fund	13,096	13,096	Cost	14,250
300 Ishares MSCI EAFE Index Fund	18,597	18,597	Cost	16,584
400 AT&T	14,236	14,236	Cost	11,212
250 Celgene	14,685		Cost	
300 China Mobile	16,341	16,341	Cost	13,929
200 Fedex Corp.	22,361		Cost	
100 Goldman Sachs Group	22,599		Cost	
25 Google	13,135		Cost	
400 Halliburton	16,529		Cost	
200 Kookmin Bank/KB Financial Bank	18,295		Cost	
300 McDonalds	13,589	13,589	Cost	18,732
600 Microsoft	18,582	18,582	Cost	18,288
300 Nike	18,906	18,906	Cost	19,821

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
300 Novartis AG Spon ADR	$ 17,659	$ 17,659	Cost	$ 16,329
200 Research in Motion	11,459		Cost	
250 UNTD Technologies	17,034	17,034	Cost	17,353
150 Magellan Midstream Partners	5,971	5,971	Cost	6,500
200 Penn Virginia Research Ptnrs	5,057		Cost	
1500 Eaton Vance LTD Duration	27,844	27,844	Cost	22,350
400 Citigroup Capital	10,000		Cost	
300 Philip Morris	10,888	10,888	Cost	14,457
200 J C Penney	8,595		Cost	
600 Altria Group	13,809	13,809	Cost	11,778
100 Diagio PLC	8,057	8,057	Cost	6,941
200 AT&T	7,355	7,355	Cost	5,606
100 Celgene	6,465		Cost	
100 Novartis AG Spon ADR	5,115	5,115	Cost	5,443
500 American Electric	18,962	18,962	Cost	17,395
600 BB&T	19,817		Cost	
900 Bristol Myers Squibb	19,717	19,717	Cost	22,725
500 Dow Chemical	17,842		Cost	
100 General Electric	3,396		Cost	
100 Glaxo Smithkline	4,532	4,532	Cost	4,225
10 Google	5,733		Cost	
175 IBM	20,528	20,528	Cost	22,908
500 J P Morgan/Chase & Co.	19,839		Cost	
100 KB Financial Group	6,612		Cost	
400 Paetroleo Braseliero	20,454	20,454	Cost	19,072
100 Philip Morris	5,333	5,333	Cost	4,819

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
100 Progress Energy	$ 4,246	$ 4,246	Cost	$ 4,101
250 Prudential Financial	19,204		Cost	
400 Royal Bank of Canada	18,168	18,168	Cost	21,420
600 Southern Copper Corp	16,927	16,927	Cost	19,746
100 Unilever	3,335	3,335	Cost	3,190
3500 Western Asset Mgmd High Income	20,209	20,209	Cost	20,265
900 ABB LTD Spon	18,954	18,954	Cost	17,190
3000 Alliance Bernstein		39,415	Cost	39,870
4000 Templeton Global Income Fund		39,433	Cost	38,000
1888.574 Pimco Total Return Fund		20,005	Cost	20,397
2827.521 Pimco Total Return Fund		30,005	Cost	30,537
2557.319 Pimco Total Return Fund		29,005	Cost	27,619
264.755 Pimco Reinvested		2,834	Cost	2,859
400 Automatic Data Processing		14,308	Cost	17,128
600 Sysco		13,977	Cost	16,764
225 3M Co.		14,202	Cost	18,601
300 Kinder Morgan		14,445	Cost	18,294
Total	$ 1,189,210	$ 1,042,464		$ 1,096,662

Statement 6 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
HSBC Fin Corp	$ 20,000	$	Cost	$
John Hancock Signature Notes	20,000	20,000	Cost	19,662
Suntrust Bank	12,633	12,633	Cost	12,473
Lehman Bros	25,374		Cost	

Statement 6 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Protective Life Notes	$ 40,000	$ 40,000	Cost	$ 39,687
HSBC Financial Corp	15,000	15,000	Cost	15,399
General Electric Cap Corp NTS		5,168	Cost	5,390
HSBC FIN Corp Internotes		10,642	Cost	10,308
American Express Bank NTS		10,072	Cost	10,659
Bank of America Internotes		10,212	Cost	10,067
Caterpillar Financial		5,295	Cost	5,111
Caterpillar Financial Svcs		5,000	Cost	5,118
Total	$ 133,007	$ 134,022		$ 133,874

Statement 7 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
CD Banco Popular PR	$ 25,000	$	Cost	$
CD Capital One	38,000	38,000	Cost	38,245
CD CIT BK Salt Lake City	36,000		Cost	
CD Discover Bank	20,000	20,000	Cost	20,674
CD First Bank PR	20,000	20,000	Cost	20,629
CD First Bank PR	18,000		Cost	
CD First Federal Savings bank	25,000		Cost	
CD National City Bank	10,000	10,000	Cost	10,292
CD Westernbank	20,175	20,175	Cost	20,306
CD American Express		27,000	Cost	27,411
CD Discover Bank		24,247	Cost	24,264
CD Capital One		8,349	Cost	8,363
CD Capital One		15,888	Cost	15,768
Total	$ 212,175	$ 183,659		$ 185,952

Statement 8 - Form 990-PF, Part III, Line 5 - Other Decreases

Description	Amount
Rounding	$ 2
Total	$ 2

Form 990-PF, Part XV, Line 1a - Managers Who Contributed Over 2% or $5,000

Name of Manager	Amount
Donnie M. Royal, MD (Deceased 2001)	$
Total	$ 0

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

Description

Contact Individual in 2A for details

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

Description

None

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

Description

None