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

2009

Department of the Treasury Internal Revenue Service

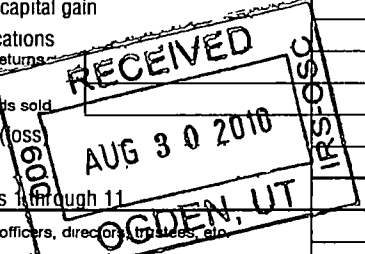
Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements.

For calendar year 2009, or tax year beginning MAY 1, 2009, and ending APR 30, 2010

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

Use the IRS label. Name of foundation: THE MORGAN FOUNDATION, INC. Employer identification number: 56-1790979. Telephone number: (910) 462-2016. City or town, state, and ZIP code: LAUREL HILL, NC 28351. Accounting method: MODIFIED CASH. Fair market value of all assets at end of year: \$5140901.

Table with 5 columns: (a) Revenue and expenses per books, (b) Net investment income, (c) Adjusted net income, (d) Disbursements for charitable purposes. Rows include Revenue (1-12) and Operating and Administrative Expenses (13-27).



SCANNED AUG 31 2010

Part IV Capital Gains and Losses for Tax on Investment Income

Table with 4 columns: (a) List and describe the kind(s) of property sold, (b) How acquired, (c) Date acquired, (d) Date sold. Row 1a contains 'NONE'.

Table with 4 columns: (e) Gross sales price, (f) Depreciation allowed, (g) Cost or other basis plus expense of sale, (h) Gain or (loss) plus (f) minus (g). Rows a-e are blank.

Table with 4 columns: (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), (l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h)). Rows a-e are blank.

Summary rows for capital gains. Line 2: Capital gain net income or (net capital loss). Line 3: Net short-term capital gain or (loss). Includes instructions for entering gains/losses.

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 [X] No

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

Table with 4 columns: (a) Base period years, (b) Adjusted qualifying distributions, (c) Net value of noncharitable-use assets, (d) Distribution ratio. Rows for years 2004-2008.

Summary rows for Part V. Line 2: Total of line 1, column (d). Line 3: Average distribution ratio. Line 4: Net value of noncharitable-use assets for 2009. Line 5: Multiply line 4 by line 3. Line 6: Enter 1% of net investment income. Line 7: Add lines 5 and 6. Line 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.

Part VII-A Statements Regarding Activities (continued)

11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions) 11 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 JAMES L. MORGAN, JR. Telephone no. (910) 462-2016
Located at PO BOX 1167, LAUREL HILL, NC ZIP+4 28351
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 N/A

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

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

1a During the year did the foundation (either directly or indirectly):
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes No
(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)? 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? 1c X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):
a At the end of tax year 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:
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.) 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.
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
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)? 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 instructions)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here N/A

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

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No
 If "Yes" to 6b, file Form 8870. 6b X

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? Yes No
 If "Yes," attach the statement required by Regulations section 53.4945-5(d). 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.

(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
JAMES L. MORGAN, JR. PO BOX 1167 LAUREL HILL, NC 28351	CHAIRMAN, PRESIDENT AND DI 0.00	0.	0.	0.
ELIZABETH E. MORGAN PO BOX 1167 LAUREL HILL, NC 28351	VICE PRESIDENT, DIRECTOR 0.00	0.	0.	0.
MARY C. OXENDINE PO BOX 1167 LAUREL HILL, NC 28351	SECRETARY & TREASURER AND 0.00	0.	0.	0.
SUSAN M. FARRELL 1620 S. MAIN STREET, SUITE 64 LAURINBURG, NC 28352	DIRECTOR 0.00	0.	0.	0.

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

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000 0

Part VIII

Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services. If none, enter "NONE."

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

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

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 EDUCATION - 5 INSTITUTIONS 51.7%	
2 RELIGION - 2 ORGANIZATIONS 9.0%	382500.
3 COMMUNITY SOURCE - 15 ORGANIZATIONS 39.3%	66482.
4	290740.

Part IX-B Summary of Program-Related Investments

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 instructions.	
3	
Total. Add lines 1 through 3	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	5016124.
b	Average of monthly cash balances	1b	5639.
c	Fair market value of all other assets	1c	13297.
d	Total (add lines 1a, b, and c)	1d	5035060.
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	5035060.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	75526.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4959534.
6	Minimum investment return. Enter 5% of line 5	6	247977.

Part XI Distributable Amount (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	247977.
2a	Tax on investment income for 2009 from Part VI, line 5	2a	1092.
b	Income tax for 2009. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1092.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	246885.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	246885.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	246885.

Part XII Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1a	790135.
b	Program-related investments - total from Part IX-B	1b	0.
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	790135.
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	5	1092.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	789043.

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.

Form 990-PF (2009)

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				246885.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2009:				
a From 2004	202053.			
b From 2005	326890.			
c From 2006	502284.			
d From 2007	720513.			
e From 2008	527404.			
f Total of lines 3a through e	2279144.			
4 Qualifying distributions for 2009 from Part XII, line 4: ▶ \$	790135.			
a Applied to 2008, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2009 distributable amount				246885.
e Remaining amount distributed out of corpus	543250.			
5 Excess distributions carryover applied to 2009 (if an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:	2822394.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2008. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
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)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	202053.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	2620341.			
10 Analysis of line 9:				
a Excess from 2005	326890.			
b Excess from 2006	502284.			
c Excess from 2007	720513.			
d Excess from 2008	527404.			
e Excess from 2009	543250.			

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

N/A

1 a 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)

2 a 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

Table with 5 columns: (a) 2009, (b) 2008, (c) 2007, (d) 2006, (e) Total. Rows correspond to items 2a through 2e.

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 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).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here [] if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see 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:

JAMES L. MORGAN, JR., (910) 462-2016
PO BOX 1167, LAUREL HILL, NC 28351

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

NO SPECIFIC FORM

c Any submission deadlines:

NONE

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

NONE - GENERALLY AWARDED TO SUPPORT EDUCATION AND COMMUNITY SERVICE

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
SEE STATEMENT ATTACHED		CHARITY	SEE STATEMENT ATTACHED	739722.
Total				▶ 3a 739722.
b Approved for future payment				
Total				▶ 3b 2005000.

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
	(a) Business code	(b) Amount	(c) Exclu- sion 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	66136.	
4 Dividends and interest from securities			14	93950.	
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					
8 Gain or (loss) from sales of assets other than inventory			18	14485.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a <u>CLASS ACTION PROCEEDS</u>					5314.
b <u>MISCELLANEOUS MERRILL</u>					
c <u>LYNCH</u>					19.
d _____					
e _____					
12 Subtotal. Add columns (b), (d), and (e)		0.		174571.	5333.
13 Total. Add line 12, columns (b), (d), and (e)					179904.

(See worksheet in line 13 instructions 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).
	N/A

Part XVII

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

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...
a Transfers from the reporting foundation to a noncharitable exempt organization of:
(1) Cash
(2) Other assets
b Other transactions:
(1) Sales of assets to a noncharitable exempt organization
(2) Purchases of assets from a noncharitable exempt organization
(3) Rental of facilities, equipment, or other assets
(4) Reimbursement arrangements
(5) Loans or loan guarantees
(6) Performance of services or membership or fundraising solicitations
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees
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...

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. The first row contains 'N/A' in column (c).

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 [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. The first row contains 'N/A' in column (a).

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 of officer or trustee: [Signature] Date: 9-18-10 Title: Chairman
Preparer's signature: [Signature] Date: 8/16/2010 Check if self-employed: [] Preparer's identifying number:
Firm's name (or yours if self-employed), address, and ZIP code: FRAZER FROST, LLP, 3605 GLENWOOD AVE, STE 370, RALEIGH, NORTH CAROLINA 27612
Phone no. (919) 782-8410

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
FIDUCIARY TRUST COMPANY INTL	54868.
FRANKLIN STREET TRUST	11188.
MERRILL LYNCH	47.
WACHOVIA TRUST	33.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	66136.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
FIDELITY EQUITY INC	1426.	0.	1426.
FIDUCIARY FINANCIAL SVCS	44872.	0.	44872.
FRANKLIN STREET TRUST	11894.	0.	11894.
MERRILL LYNCH	15103.	0.	15103.
MERRILL LYNCH INSTITUTE	29.	0.	29.
THE MORGAN COMPANY OF LAUREL HILL, INC.	2454.	0.	2454.
WACHOVIA TRUST	18031.	0.	18031.
WELLS FARGO	141.	0.	141.
TOTAL TO FM 990-PF, PART I, LN 4	93950.	0.	93950.

FORM 990-PF GAIN OR (LOSS) FROM SALE OF ASSETS STATEMENT 3

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
FIDUCIARY TRUST COMPANY INTL	72534.	66143.	0.	PURCHASED	VARIOUS	VARIOUS
						6391.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
FIDUCIARY TRUST COMPANY INTL	392891.	371940.	0.	PURCHASED	VARIOUS	VARIOUS
						20951.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
FIDUCIARY TRUST COMPANY INTL	445.	0.	0.	PURCHASED	VARIOUS	VARIOUS
						445.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
FRANKLIN STREET TRUST	0.	0.	0.	PURCHASED	VARIOUS	VARIOUS
						17337.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
FRANKLIN STREET TRUST	698646.	0.	0.	PURCHASED	VARIOUS	VARIOUS
						24977.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
WACHOVIA TRUST	11350.	9410.	0.	PURCHASED	VARIOUS	VARIOUS
						1940.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
WACHOVIA TRUST	183492.	227411.	0.	PURCHASED	VARIOUS	VARIOUS
						-43919.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
MERRILL LYNCH #788-02056	86468.	92980.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
MERRILL LYNCH #788-02056	0.	0.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
MERRILL LYNCH #788-02058	70861.	78000.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	MANNER ACQUIRED (E) DEPREC.	DATE ACQUIRED (F) GAIN OR LOSS	DATE SOLD
MERRILL LYNCH #788-02060	292341.	282691.	0.	PURCHASED	VARIOUS	VARIOUS

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
MERRILL LYNCH #788-02063	14966.	24604.	0.	PURCHASED	VARIOUS	VARIOUS
						113.

(A) DESCRIPTION OF PROPERTY	(B) GROSS SALES PRICE	(C) COST OR OTHER BASIS	(D) EXPENSE OF SALE	(E) MANNER ACQUIRED DEPREC.	(F) DATE ACQUIRED GAIN OR LOSS	DATE SOLD
MERRILL LYNCH #788-02063	0.	0.	0.	PURCHASED	VARIOUS	VARIOUS
						-9750.

NET GAIN OR LOSS FROM SALE OF ASSETS						14485.
CAPITAL GAINS DIVIDENDS FROM PART IV						0.
TOTAL TO FORM 990-PF, PART I, LINE 6A						14485.

FORM 990-PF OTHER INCOME STATEMENT 4

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
CLASS ACTION PROCEEDS	5314.	0.	
MISCELLANEOUS MERRILL LYNCH	19.	0.	
TOTAL TO FORM 990-PF, PART I, LINE 11	5333.	0.	

FORM 990-PF	ACCOUNTING FEES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL & ACCOUNTING FEES	2941.	2941.		2941.
TO FORM 990-PF, PG 1, LN 16B	2941.	2941.		2941.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT 6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CUSTODIAN/MANAGEMENT FEES	45058.	45058.		45058.
TO FORM 990-PF, PG 1, LN 16C	45058.	45058.		45058.

FORM 990-PF	TAXES			STATEMENT 7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	1857.	0.		0.
EXCISE TAXES	1092.	0.		0.
TO FORM 990-PF, PG 1, LN 18	2949.	0.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 8
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK CHARGES	21.	21.		21.
MISCELLANEOUS EXPENSES	65.	65.		65.
OFFICE SUPPLIES	39.	39.		39.
DUES & MEMBERSHIP FEES	1500.	1500.		1500.
TRAVEL	789.	789.		789.
TO FORM 990-PF, PG 1, LN 23	2414.	2414.		2414.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS		STATEMENT	9
DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
U.S. GOVERNMENT, AGENCIES, MORTGAGES:	X		623544.	657417.
TOTAL U.S. GOVERNMENT OBLIGATIONS			623544.	657417.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			623544.	657417.

FORM 990-PF	CORPORATE STOCK		STATEMENT	10
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCKS:			3333130.	3837725.
TOTAL TO FORM 990-PF, PART II, LINE 10B			3333130.	3837725.

FORM 990-PF	CORPORATE BONDS		STATEMENT	11
DESCRIPTION			BOOK VALUE	FAIR MARKET VALUE
CORPORATE & OTHERS:			375639.	387408.
TOTAL TO FORM 990-PF, PART II, LINE 10C			375639.	387408.

FORM 990-PF	OTHER INVESTMENTS		STATEMENT	12
DESCRIPTION	VALUATION METHOD		BOOK VALUE	FAIR MARKET VALUE
SPORTS MENAGERIE STADIUM, LLC	COST		250000.	250000.
TOTAL TO FORM 990-PF, PART II, LINE 13			250000.	250000.

THE MORGAN FOUNDATION, INC.

Statement 13

56-1790979

Form 990-PF, Part XV, Line 3a

Grants and Contributions Paid During the Year

<u>Name and Address</u>	<u>Purpose of Grant</u>	<u>Amount</u>
SCOTLAND HIGH SCHOOL 1000 WEST CHURCH STREET LAURINBURG, NC 28352	Scotland County Band Program Uniforms Instruments	50,000
SCOTLAND HIGH SCHOOL 1000 WEST CHURCH STREET LAURINBURG, NC 28352	Athletic Program Uniforms, gymnasium floors refinished	50,000
ST ANDREWS PRESBYTERIAN COLLEGE 1700 DOGWOOD MILE LAURINBURG, NC 28352	"Share The Vision Campaign"	200,000
WAKE FOREST UNIVERSITY SCHOOL OF MEDICINE MEDICAL CENTER BOULEVARD WINSTON-SALEM, NC 27157-1003	Regenerative Medicine Research	30,000
SCOTLAND COUNTY RECREATION FOUNDATION (SCRF) "FIELDS FOR THE FUTURE" 600 SOUTH MAIN STREET LAURINBURG, NC 28352	Recreation Complex for Area Youth	20,000
SCOTLAND COUNTY RECREATION FOUNDATION, INC. " A WALK IN THE PARK " P.O. Box 1668 LAURINBURG, NC 28353	Support to Complete Recreation Complex	50,000
PRESBYTERY OF COASTAL CAROLINA 807 WEST KING STREET ELIZABETHTOWN, NC 28337	Youth Ministries Program Camp Monroe	20,000 21,482
STORYTELLING ARTS CENTER OF THE SOUTHEAST, INC. P.O. BOX 2154 LAURINBURG, NC 28353	Providing Reading Skills	40,000
ROBESON FAMILY COUNSELING CENTER F/B/O SCOTLAND COUNTY FAMILY COUNSELING CENTER 303 SOUTH MAIN STREET LAURINBURG, NC 28352	Faith based Counseling Center	5,000

THE MORGAN FOUNDATION, INC.

Statement 13

56-1790979

Form 990-PF, Part XV, Line 3a

Grants and Contributions Paid During the Year

<u>Name and Address</u>	<u>Purpose of Grant</u>	<u>Amount</u>
AUTISM SOCIETY OF NC, INC 1000 MAIN STREET LAURINBURG, NC 28353	Summer Enhancement Program Summer 2009	2,500
MONTREAT COLLEGE POST OFFICE BOX 1267 MONTREAT, NC 28757	Keystone Scholarship Fund	50,000
HABITAT FOR HUMANITY - SCOTLAND COUNTY 114 ROBER STREET LAURINBURG, NC 28352	"Bike to Build" Campaign	2,500
SCOTLAND COMMUNITY HEALTH CLINIC 1405-B WEST BOULEVARD P O BOX 2050 LAURINBURG, NC 28353	General Contribution to provide Healthcare for Underpriveledged	15,000
DOMESTIC VIOLENCE AND RAPE CRISIS CENTER P.O. BOX 2130 LAURINBURG, NC 28353	General Contribution	25,000
SCOTLAND COUNTY LITERACY SOCIETY P.O. BOX 922 LAURINBURG, NC 28353	General Contribution	10,000
AMERICAN CANCER SOCIETY SOUTH ATLANTIC DIVISION INC SCOTLAND COMMUNITY PO BOX 41912 RALEIGH, NC 27629-1912	General Contribution	200
INDEPENDENT COLLEGE FUND OF NC 530 N. BLOUT STREET RALEIGH, NC 27604	General Contribution	2,500

THE MORGAN FOUNDATION, INC.

Statement 13
 Form 990-PF, Part XV, Line 3a
 Grants and Contributions Paid During the Year

56-1790979

Name and Address	Purpose of Grant	Amount
SCOTLAND COUNTY PARTNERSHIP FOR CHILDREN & FAMILIES P O. BOX 586 LAURINBURG, NC 28353	"Smart Start" Program	100,000
SPECIAL OLYMPICS OF NC P O BOX 91464 RALEIGH, NC 27675-1464	General Contribution	540
MORGAN FAMILY CEMETERY TRUST P O BOX 1167 LAUREL HILL, NC 28351	General Contribution	<u>5,000</u>
Pledged Grants - Total Payments:		699,722
<u>Additional Contributions:</u>		
American Cancer Society St. Mary's AME Zion Church Hospice of Scotland County Scotland Memorial Foundation Zeta Tau Alpha Foundation	Relay for Life Replace HVAC System Richard L Bryne Memorial Golf Tournament "Puttin on the Ritz" Fundraising Dinner f/b/o American Cancer Society	1,000 25,000 5,000 8,000 <u>1,000</u>
Unpledged Payments:		40,000
TOTAL CONTRIBUTIONS:		<u>739,722</u>

The Morgan Foundation, Inc.
Other Investments - Securities
April 30, 2010

	Number of Shares	COST		Market Value
		Beginning	Ending	
		0 00	25,000 00	25,380 64
<u>Government Bonds.</u>				
US Treasury Notes 1 500% 07/15/12	25,000	0 00	24,887 70	25,255 85
Accrued interest				109 81
US Treasury Notes 6 500% 2/15/10	0	44,530 87	0 00	0 00
US Treasury Notes 4 625% 2/15/17	0	29,745 70	0 00	0 00
US Treasury Bonds - 7 250% 8/15/22	0	71,723 44	0 00	0 00
		<u>145,999 81</u>	<u>24,887 70</u>	<u>25,365 66</u>
<u>Mortgage Backed.</u>				
FNMA GTD Pass Thru Pool#773373 5 000% 4/1/34	0	60,459 14	0 00	0 00
Total Fixed Income		<u>307,895 24</u>	<u>706,085 03</u>	<u>810,236 42</u>
<u>Cash:</u>				
SEI Daily Treasury Fund		<u>40,675 26</u>	<u>36,852 94</u>	<u>36,852 94</u>
TOTAL FRANKLIN STREET PARTNERS HOLDINGS		791,047.46	742,937.97	847,089.36
 <i>Wachovia Bank, N.A. Investment Manager Under Agreement Dated April 24, 2006 Account No. 1025871752</i>				
<u>Equities:</u>				
Davis New York Venture FD CL Y	1,565	80,474 48	54,407 92	51,402 65
ING Real Estatic Fund CL I	4,552	105,000 00	49,241 86	61,045 08
Ishares Russell Midcap Index FD	585	81,704 04	63,899 55	54,188 55
Stratton FDS Inc Small Cap Yield	810	40,000 00	38,082 78	37,134 77
Vanguard Institutional Index FD	500	79,097 93	63,982 00	54,402 72
Arto International Equity IH	1,697	31,448 68	21,988 83	19,901 93
Harbor International Fund Ins CL	863	58,698 92	46,646 55	46,922 56
Morgan Stanley Institutional Fund Inc- International Real Estate CL I (FD#1)	685	43,500 00	17,622 16	11,613 36
SSGA FDS Emerging Markets Fund-S	966	51,957 41	19,686 99	19,320 02
Total Equities		<u>571,881 46</u>	<u>375,558 64</u>	<u>355,931 64</u>
<u>FIXED INCOME:</u>				
Arto Total Return Bond FD-I	5,038	75,567 90	65,087 07	68,865 35
Dodge & Cox Income Fund	5,383	85,168 86	66,960 18	71,050 99
Pimco Total Return FD II Instl CL	3,197	0 00	33,500 00	34,139 31
Vanguard Inflation-Protected Securities FD IV CL	2,316	31,014 70	29,533 85	29,742 32
Evergreen International Bond FD CL I (FD#460)	2,184	24,267 00	23,103 30	24,566 36
Pimco Emerging Markets Bond FD Ins CL	1,706	24,000 00	14,589 78	18,241 49
Total Fixed Income		<u>240,018 46</u>	<u>232,774 18</u>	<u>246,605 82</u>
<u>SHORT -TERM RESERVES & CASH</u>				
Principal Cash		0 00	3,750 00	3,750 00
Wachovia PT Money Market		8,697 00	4,298 39	4,298 39
Income Cash		0 00	0 00	0 00
Wachovia PT Money Market		9,445 12	0 00	0 00
Total Short-Term Reserves & Cash		<u>18,142.12</u>	<u>8,048 39</u>	<u>8,048 39</u>
Total Wachovia Bank, N.A. Investment Manager Portfolio		830,042.04	616,381.21	610,585.85

MERRILL LYNCH ENDOWMENT MANAGEMENT
ACCOUNT (EMA)

Account Number: 788-02056

Cash/Money Accounts:

The Morgan Foundation, Inc.
Other Investments - Securities
April 30, 2010

	Number of Shares	COST		Market Value
		Beginning	Ending	
Essex PPTY TR INC COM REIT	13	907 35	852 61	1,375 66
Extra Space Storage Inc	167	2,025 93	2,033 93	2,508 34
FDL R INV TR SBI New MD REIT	40	2,786 32	2,662 37	3,095 60
First Potomac Rlty TR REIT	68	773 54	728 60	1,102 96
HCP Inc	97	2,598 35	2,875 35	3,115 64
Health Care REIT Inc Com	16	0 00	696 23	718 88
Host Hotels & Resorts REIT	224	3,489 07	3,282 87	3,642 24
HRPT PPTYS T COM BEN INT REIT	0	921 62	0 00	0 00
Kilroy Realty Corp	66	2,826 42	2,864 45	2,313 96
Kimco Realty Corp MD COM REIT	82	2,348 59	1,233 88	1,278 38
Kite Rlty Group TR	155	963 32	564 91	840 10
Liberty PPTY TR SBI REIT	83	3,825 47	3,042 97	2,806 23
Macench Co REIT	66	4,102 64	1,391 27	2,950 86
Mck Cali Realty Corp	20	0 00	514 25	687 20
National Retail PPTYS Inc	47	690 37	773 82	1,105 91
Nationwide Hlth PPTYS REIT	92	2,174 97	2,550 37	3,221 84
Omega Healthcare Invs REIT	91	1,662 05	1,391 96	1,821 82
Pebblebrook Hotel Trust	21	0 00	435 63	413 70
Piedmont Office Realty	45	0 00	733 69	901 80
Plum Creek Timber Co Inc	23	489 81	783 03	915 40
Prologis REIT	0	252 18	0 00	0 00
Public Storage Inc \$0 10 REIT	45	3,611 38	3,549 74	4,264 04
Realty Incm Crp MD PV\$1 REIT	0	580 90	0 00	0 00
Regency Centers Corp REIT	63	3,558 87	3,845 83	2,586 15
Retail Opportunity	61	0 00	627 65	602 68
Simon Property Group Del REIT	103	7,432 09	7,858 54	9,169 06
Starwood Hotels and Resorts Worldwide NE	24	1,942 66	1,127 65	1,308 24
Taubman Centers Inc Com REITS-Regional Malls	0	443 42	0 00	0 00
Ventas Inc	0	247 28	0 00	0 00
Vornado Realty Trust Com REIT	55	4,615 23	4,757 94	4,585 35
Total Equities:		87,028 62	77,954 95	86,452.04
Total Merrill Lynch EMA-Acct. 788-02063		88,565.26	80,590.82	89,087.91
Merrill Lynch Consolidated Totals:		476,950.13	491,692.31	579,365.39
Rounding		(0 02)	(0 10)	
GRAND TOTALS:		4,946,827.54	4,332,313.31	4,882,549.58

**The Morgan Foundation Inc.
Outstanding Pledges
as of 4/30/2010**

<u>Grantee:</u>	<u>Amount Due</u>
St. Andrews Presbyterian College	600,000
Scotland High School f/b/o Athletics Program	50,000
Scotland High School f/b/o Band Program	50,000
Wake Forest University School of Medicine f/b/o Institute for Regenerative Medicine	30,000
Montreat College f/b/o Keystone Scholarship	50,000
Montreat Conference Center - Challenge Grant f/b/o Morgan Youth Endowment	975,000
Scotland County Recreation Foundation f/b/o "Fields for the Future"	25,000
Scotland County Recreation Foundation f/b/o "Walk in the Park" - Recreation Complex	<u>225,000</u>
Net Worth-Appropriated Pledges:	<u><u>2,005,000</u></u>
	G/L 30500