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

**2011**

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 2011 or tax year beginning

, and ending

Name of foundation <b>THE MORGAN FOUNDATION, INC.</b>		A Employer identification number <b>56-1790979</b>
Number and street (or P.O. box number if mail is not delivered to street address) <b>P.O. BOX 1167</b>	Room/suite	B Telephone number <b>910-462-2016</b>
City or town, state, and ZIP code <b>LAUREL HILL, NC 28351</b>		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply. <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
H Check type of organization. <input type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input checked="" type="checkbox"/> Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col (c), line 16) <b>\$ 3,890,793.</b> (Part I, column (d) must be on cash basis)	J Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input checked="" type="checkbox"/> Other (specify) <b>MODIFIED CASH</b>	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>Part I Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))			<b>N/A</b>	
<b>Revenue</b>				
1 Contributions, gifts, grants, etc., received				
2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	35.	35.		<b>STATEMENT 1</b>
4 Dividends and interest from securities	126,549.	113,277.		<b>STATEMENT 2</b>
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	123,772.			
b Gross sales price for all assets on line 6a	1,736,548.			
7 Capital gain net income (from Part IV, line 2)		123,772.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales, less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income	21,784.	21,784.		<b>STATEMENT 3</b>
12 Total. Add lines 1 through 11	272,140.	258,868.		
13 Compensation of officers, directors, trustees, etc.	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees <b>STMT 4</b>	4,245.	0.		0.
c Other professional fees <b>STMT 5</b>	39,327.	39,327.		0.
17 Interest				
18 Taxes <b>STMT 6</b>	3,390.	1,533.		0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	2,827.	0.		0.
22 Printing and publications				
23 Other expenses <b>STMT 7</b>	135.	126.		0.
24 Total operating and administrative expenses. Add lines 13 through 23	49,924.	40,986.		0.
25 Contributions, gifts, grants paid	546,080.			546,080.
26 Total expenses and disbursements. Add lines 24 and 25	596,004.	40,986.		546,080.
27 Subtract line 26 from line 12.	<323,864.>			
a Excess of revenue over expenses and disbursements		217,882.		
b Net investment income (if negative, enter -0-)				
c Adjusted net income (if negative, enter -0-)			<b>N/A</b>	

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	93,020.	148,910.	148,910.
	3 Accounts receivable ▶ 6,250.			
	Less: allowance for doubtful accounts ▶	5,993.	6,250.	6,250.
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less: allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges	560.	194.	194.
	10a Investments - U.S. and state government obligations STMT 8	481,301.	413,906.	462,138.
	b Investments - corporate stock STMT 9	2,541,810.	2,222,367.	2,456,857.
	c Investments - corporate bonds STMT 10	524,703.	531,896.	566,444.
11 Investments - land, buildings, and equipment: basis ▶				
Less: accumulated depreciation ▶				
12 Investments - mortgage loans				
13 Investments - other STMT 11	250,000.	250,000.	250,000.	
14 Land, buildings, and equipment: basis ▶				
Less: accumulated depreciation ▶				
15 Other assets (describe ▶)				
<b>16 Total assets (to be completed by all filers)</b>	<b>3,897,387.</b>	<b>3,573,523.</b>	<b>3,890,793.</b>	
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			
	22 Other liabilities (describe ▶)			
<b>23 Total liabilities (add lines 17 through 22)</b>	<b>0.</b>	<b>0.</b>		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>			
	24 Unrestricted and complete lines 24 through 26 and lines 30 and 31.			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds and complete lines 27 through 31.	6,813,958.	6,813,958.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
29 Retained earnings, accumulated income, endowment, or other funds	<2,916,571.>	<3,240,435.>		
<b>30 Total net assets or fund balances</b>	<b>3,897,387.</b>	<b>3,573,523.</b>		
<b>31 Total liabilities and net assets/fund balances</b>	<b>3,897,387.</b>	<b>3,573,523.</b>		

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	3,897,387.
2 Enter amount from Part I, line 27a	2	<323,864.>
3 Other increases not included in line 2 (itemize) ▶	3	0.
4 Add lines 1, 2, and 3	4	3,573,523.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,573,523.

**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					
b	<b>SEE ATTACHED STATEMENT</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	1,736,548.	1,612,776.	123,772.		
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			
a					
b					
c					
d					
e			123,772.		
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	123,772.
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). If (loss), enter -0- in Part I, line 8		}		3	N/A

**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 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))	
2010	870,454.	4,471,844.	.194652	
2009	789,043.	4,959,534.	.159096	
2008	810,959.	5,726,380.	.141618	
2007	875,955.	3,189,675.	.274622	
2006	739,149.	4,817,415.	.153433	
2 Total of line 1, column (d)			2	.923421
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	.184684
4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5			4	4,227,573.
5 Multiply line 4 by line 3			5	780,765.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6	2,179.
7 Add lines 5 and 6			7	782,944.
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.			8	546,080.

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see 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	4,358.
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	4,358.
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	4,358.
6	Credits/Payments:		
a	2011 estimated tax payments and 2010 overpayment credited to 2011	6a	59.
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	4,000.
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	4,059.
8	Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	42.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	341.
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 2012 estimated tax <input type="checkbox"/> Refunded <input checked="" type="checkbox"/>	11	

**Part VII-A Statements Regarding Activities**

	Yes	No
1a		X
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.		
1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. $\$$ 0. (2) On foundation managers. $\$$ 0.	
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. $\$$ 0.	
2		X
If "Yes," attach a detailed description of the activities.		
3		X
4a		X
4b		X
5		X
If "Yes," attach the statement required by General Instruction T.		
6	X	
7	X	
If "Yes," complete Part II, col. (c), and Part XV.		
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) <u>NC</u>	
8b	X	
9		X
10		X

**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 make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	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 ► 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			
16	At any time during calendar year 2011, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ►	16	Yes	No X

**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 instructions)? Organizations relying on a current notice regarding disaster assistance check here N/A	1b	
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 2011? X	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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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	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. ►		
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 2011 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 2011.) N/A	3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? X	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 2011? X	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 **N/A**

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?  Yes  No **N/A**

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

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?  Yes  No **N/A**

**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 & DIRE	0.00	0.	0.
ELIZABETH E. MORGAN PO BOX 1167 LAUREL HILL, NC 28351	VICE PRESIDENT & DIRECTOR	0.00	0.	0.
TAMMY C. IVEY PO BOX 1167 LAUREL HILL, NC 28351	SECRETARY & TREASURER	0.00	0.	0.
SUSAN M. FARRELL 1620 S. MAIN STREET, SUITE 64 LAURINBURG, NC 28352	DIRECTOR	0.00	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 - 6 INSTITUTIONS 20.21%	
	110,355.
2 COMMUNITY - 11 ORGANIZATIONS 32.18%	
	175,725.
3 RELIGION - 3 ORGANIZATIONS 47.61%	
	260,000.
4	

**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	4,262,246.
b	Average of monthly cash balances	1b	23,046.
c	Fair market value of all other assets	1c	6,660.
d	Total (add lines 1a, b, and c)	1d	4,291,952.
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	4,291,952.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	64,379.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	4,227,573.
6	Minimum investment return. Enter 5% of line 5	6	211,379.

**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	211,379.
2a	Tax on investment income for 2011 from Part VI, line 5	2a	4,358.
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	4,358.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	207,021.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	207,021.
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	207,021.

**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	546,080.
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	546,080.
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	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	546,080.

**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 instructions)

	(a) Corpus	(b) Years prior to 2010	(c) 2010	(d) 2011
1 Distributable amount for 2011 from Part XI, line 7				207,021.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2011:				
a From 2006	502,284.			
b From 2007	720,513.			
c From 2008	527,404.			
d From 2009	543,250.			
e From 2010	724,084.			
f Total of lines 3a through e	3,017,535.			
4 Qualifying distributions for 2011 from Part XII, line 4: ▶ \$ 546,080.				
a Applied to 2010, 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 2011 distributable amount				207,021.
e Remaining amount distributed out of corpus	339,059.			
5 Excess distributions carryover applied to 2011 (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:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	3,356,594.			
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 2010. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				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 2006 not applied on line 5 or line 7	502,284.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	2,854,310.			
10 Analysis of line 9:				
a Excess from 2007	720,513.			
b Excess from 2008	527,404.			
c Excess from 2009	543,250.			
d Excess from 2010	724,084.			
e Excess from 2011	339,059.			

**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 2011, 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) 2011	(b) 2010	(c) 2009	(d) 2008	
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					
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 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 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 <i>Paid during the year</i>  SEE STATEMENT ATTACHED		CHARITY	SEE STATEMENT ATTACHED	546,080.
<b>Total</b>			▶ 3a	546,080.
b <i>Approved for future payment</i>  SEE STATEMENT ATTACHED				2,470,800.
<b>Total</b>			▶ 3b	2,470,800.





**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 FRANKLIN STREET TRUST COMPANY	P	VARIOUS	VARIOUS
b FIDUCIARY TRUST COMPANY INTL	P	VARIOUS	VARIOUS
c WELLS FARGO TRUST	P	VARIOUS	VARIOUS
d MERRILL LYNCH #788-02058	P	VARIOUS	VARIOUS
e MERRILL LYNCH #788-02058	P	05/13/10	05/27/11
f MERRILL LYNCH #788-02063	P	VARIOUS	VARIOUS
g MERRILL LYNCH #788-02063	P	VARIOUS	VARIOUS
h MERRILL LYNCH #788-02060	P	VARIOUS	VARIOUS
i MERRILL LYNCH #788-02060	P	VARIOUS	VARIOUS
j CASH IN LIEU	P	VARIOUS	VARIOUS
k CAPITAL GAINS DIVIDENDS			
l			
m			
n			
o			

(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 707,802.		680,655.	27,147.
b 388,911.		281,240.	107,671.
c 153,946.		155,527.	<1,581.>
d 119,782.		113,194.	6,588.
e 86,566.		100,000.	<13,434.>
f 777.		919.	<142.>
g 5,494.		3,883.	1,611.
h 240,689.		258,502.	<17,813.>
i 29,389.		18,856.	10,533.
j 23.			23.
k 3,169.			3,169.
l			
m			
n			
o			

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
(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	
a			27,147.
b			107,671.
c			<1,581.>
d			6,588.
e			<13,434.>
f			<142.>
g			1,611.
h			<17,813.>
i			10,533.
j			23.
k			3,169.
l			
m			
n			
o			

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	123,772.
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). If (loss), enter "-0-" in Part I, line 8	3	N/A

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


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SOURCE	AMOUNT
MERRILL LYNCH	35.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	35.

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**FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2**


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SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
BLACKROCK INVESTMENTS LLC	10.	0.	10.
FIDELITY BROKERAGE SERVICES LLC	2,174.	0.	2,174.
FIDUCIARY TRUST COMPANY INTL	77,703.	0.	77,703.
FRANKLIN STREET TRUST COMPANY	21,769.	451.	21,318.
MERRILL LYNCH	11,168.	968.	10,200.
WELLS FARGO	338.	0.	338.
WELLS FARGO TRUST	16,556.	1,750.	14,806.
TOTAL TO FM 990-PF, PART I, LN 4	129,718.	3,169.	126,549.

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**FORM 990-PF OTHER INCOME STATEMENT 3**


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DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
MISCELLANEOUS INCOME - FRANKLIN STREET TRUST COMPANY	534.	534.	
MISCELLANEOUS INCOME - MERRILL LYNCH	10,443.	10,443.	
MISCELLANEOUS INCOME - FIDUCIARY TRUST COMPANY INTL	10,807.	10,807.	
TOTAL TO FORM 990-PF, PART I, LINE 11	21,784.	21,784.	

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FORM 990-PF	ACCOUNTING FEES			STATEMENT 4
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING FEES	4,245.	0.		0.
TO FORM 990-PF, PG 1, LN 16B	4,245.	0.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
CUSTODIAN/MANAGEMENT FEES	39,327.	39,327.		0.
TO FORM 990-PF, PG 1, LN 16C	39,327.	39,327.		0.

FORM 990-PF	TAXES			STATEMENT 6
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	1,533.	1,533.		0.
EXCISE TAX	1,857.	0.		0.
TO FORM 990-PF, PG 1, LN 18	3,390.	1,533.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 7
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
BANK CHARGES	126.	126.		0.
PENALTIES	9.	0.		0.
TO FORM 990-PF, PG 1, LN 23	135.	126.		0.

FORM 990-PF	U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS	STATEMENT	8
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DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
U.S. GOVERNMENT, AGENCIES, MORTGAGES	X		413,906.	462,138.
TOTAL U.S. GOVERNMENT OBLIGATIONS			413,906.	462,138.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			413,906.	462,138.

FORM 990-PF	CORPORATE STOCK	STATEMENT	9
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCKS	2,222,367.	2,456,857.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,222,367.	2,456,857.

FORM 990-PF	CORPORATE BONDS	STATEMENT	10
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DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE & OTHERS	531,896.	566,444.
TOTAL TO FORM 990-PF, PART II, LINE 10C	531,896.	566,444.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT	11
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DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
SPORTS MENAGERIE STADIUM, LLC	COST	250,000.	250,000.
TOTAL TO FORM 990-PF, PART II, LINE 13		250,000.	250,000.

The Morgan Foundation, Inc.  
Other Investments - Securities  
12 Months Ending December 31, 2011

	# of Shares	COST		Market Value
		Beginning	Ending	
<b>Stocks - Common:</b>				
The Morgan Company of Laurel Hill, Inc	129	11,522.00	11,522.00	90,188.03
<b>Short Term Investments:</b>				
Fidelity Equity Income Fund	2,446	106,457.14	106,457.14	101,036.20
<b>FIDUCIARY TRUST COMPANY INTERNATIONAL</b>				
<b>Equities:</b>				
AT&T INC 6 375% PFD A	2,000	50,229 16	50,229 16	53,500 00
Abbott Laboratones	450	44,544 00	25,056 00	25,303 50
Altra Group Inc	750	13,466 83	13,466 83	22,237 50
Becton Dickinson & Co	300	24,638 28	24,638 28	22,416 00
Blackrock Inc	125	0 00	25,063 34	22,280 00
Chubb Corp	300	22,640 58	11,320 29	20,766 00
Cisco Systems Inc	1,600	5,275 52	0 00	0 00
Comcast Corp 6 625% PFD	2,100	50,885 50	50,885 50	54,789 00
ConocoPhillips	750	27,515 58	0 00	0 00
Cummins Inc	300	0 00	27,742 80	26,406 00
Du Pont E I De Nemours & Co	350	0 00	17,182 72	16,023 00
Exelon Corp	800	24,148 00	0 00	0 00
Exxon Mobil Corp	600	9,281 13	9,281 13	50,856 00
Freeport-McMoran Copper & Gold Inc	600	0 00	30,927 06	22,074 00
Intel Corp	1,900	75,650 50	40,489 00	46,075 00
Ishares MSCI Emerging Mkt Index Fund	850	0 00	40,687 37	32,249 00
Ishares S&P US Preferred Stock Index Fd	850	0 00	30,311 93	30,277 00
Johnson Controls Inc	800	0 00	31,196 32	25,008 00
Nextera Energy Cap	2,000	50,594 00	50,594 00	50,760 00
Nike Inc CL B	250	0 00	19,327 63	24,092 50
Pepsico Inc	600	26,476 00	26,476 00	39,810 00
Philip Morns International Inc	425	30,686 70	17,389 13	33,354 00
Praxair Inc	300	19,151 49	19,151 49	32,070 00
Precision Castparts Corp	200	21,369 28	0 00	0 00
Public Service Enterpse Group Inc	900	19,099 71	19,099 71	29,709 00
Public Storage PFD 7 00% Call Ser N	2,000	38,049 25	38,049 25	52,480 00
Qualcomm Inc	800	27,250 73	27,250 73	43,760 00
Roche Holding LTD ADR	800	25,340 00	0 00	0 00
Schlumberger Ltd	400	7,606 03	7,606 03	27,324 00
Taiwan Semiconductor Mfg Co Spon ADR	2,000	44,389 16	20,094 69	25,820 00
Teva Pharmaceutical Inds Ltd Adr	500	12,898 85	12,898 85	20,180 00
TransCanada Corp	1,100	37,576 77	37,576 77	48,037 00
United Technologies Corp	600	18,340 00	18,340 00	43,854 00
V F Corp	140	18,535 39	9,436 20	17,778 60
Venzon Communications	900	30,319 59	30,319 59	36,108 00
Visa Inc CL A	250	26,147 24	16,342 02	25,382 50
Wells Fargo & Co PFD 8 00%	1,800	31,831 74	31,831 74	51,174 00
Windstream Corp	1,292	12,929 78	0 00	0 00
<b>Total Fiduciary Equity Holdings:</b>		<b>846,866 79</b>	<b>830,261 56</b>	<b>1,071,953 60</b>
<b>Cash and Cash Equivalants:</b>				
STIP 3 US Treasury & Agency DTD 8/31/03 (MM Fund)	68,500	10,500 00	0 00	0 00
Cash		100,490 42	10,776 73	10,776 73
		<b>110,990 42</b>	<b>10,776 73</b>	<b>10,776 73</b>
<b>Corporate and Others:</b>				
Apache Corp Conv Pfd 6 0%	350	17,500 00	17,500 00	18,998 00
Bill Barrett Corp Conv Sr Nt 5% 3/15/2028	25,000	23,000 00	23,000 00	25,156 25
Ishares iboxx & High Yield Corp Bond	450	39,335 99	39,335 99	40,243 50
Cisco Sys Inc DTD 2/22/06 5 25% 2/22/2011	25,000	24,952 25	0 00	0 00
General Electric Cap Corp Sr Nts DTD 1/8/2010 2 8% 1/8/2013	75,000	74,944 50	74,944 50	76,444 50
Transocean Inc St NT 1 5% 12/15/2037	50,000	0 00	48,750 00	49,375 00
United Technologies Corp NT 5/1/2015 - 4 875%	80,000	79,549 60	79,549 60	89,936 00
<b>Total Fiduciary Corporate/Other Holdings:</b>		<b>259,282 34</b>	<b>283,080 09</b>	<b>300,153 25</b>

The Morgan Foundation, Inc.  
Other Investments - Securities  
12 Months Ending December 31, 2011

	# of	COST		Market Value
<b>U.S Government, Agencies, Mortgages:</b>				
US Treasury BDS 2/15/2031 - 5 375%	70,000	79,154 69	79,154 69	99,739 08
US Treasury NTS 11/15/2014 - 4 250%	13,000	12,874 06	12,874 06	14,439 14
US Treasury NTS 8/15/2013 - 4 25%	175,000	170,785 16	170,785 16	186,361 35
Fed Natl Mtg Assn Mtg PL #624845 6 00% 2/1/2032	1,923	2,005 27	1,895 05	2,143 88
Fed Natl Mtg Assn Mtg PL #744894 6 00% 11/1/2033	43,588	47,351 15	45,119 91	48,594 87
Fed Natl Mtg Assn Mtg PL #754767 6 50% 12/1/2033	27,842	29,907 75	29,194 78	31,611 65
Fed Natl Mtg Assn Mtg PL #769481 5 50% 2/1/2034	36,854	48,274 29	37,435 45	40,269 82
Fed Natl Mtg Assn Mtg PL #773373 5 00% 4/1/2034	4,317	6,037 93	4,328 25	4,669 76
Govt NATL MTG ASSN MTG PL# 781607 6 00% 3/15/2033	7,860	10,023 33	8,231 31	8,946 85
<b>Total Fiduciary Govt/Agency Holdings:</b>		<b>406,413 63</b>	<b>389,018 66</b>	<b>436,776 40</b>
<b>TOTAL FIDUCIARY SECURITIES PORTFOLIO:</b>		<b>1,623,553.18</b>	<b>1,513,137.04</b>	<b>1,819,659.98</b>

**Franklin Street Advisors, Inc. Portfolio****Account #889205103677****Equities:**

3M Company	50	6,316 11	4,076 87	4,086 50
Abbott Laboratones	100	0 00	5,135 90	5,623 00
Adobe Sys Inc	300	10,490 33	0 00	0 00
Aflac Inc	50	0 00	1,855 77	2,163 00
Akamai Technologies Inc	350	3,494 72	8,277 35	11,298 00
Allergan Inc	50	1,542 96	3,327 11	4,387 00
Alpha Natural Resources	100	4,877 64	0 00	0 00
American Express	200	8,786 72	8,786 72	9,434 00
Amgen Inc Com	150	8,586 52	0 00	0 00
Apache Corp	100	10,370 99	0 00	0 00
Apollo Group Inc	200	0 00	9,188 61	10,774 00
Apple Computer Inc	35	3,820 80	2,228 80	14,175 00
Autoliv Inc	100	0 00	6,328 21	5,349 00
Bank of America Corp	100	4,942 04	728 00	556 00
Blackrock Inc	45	10,683 95	7,383 07	8,020 00
Boeing Co	50	0 00	3,522 25	3,667 50
Cameron Intl Corp Com	100	0 00	5,148 44	4,919 00
Cisco Systems Inc	500	11,869 46	0 00	0 00
Coach Inc	90	5,119 70	1,840 58	5,493 60
Comerica Inc	50	2,049 88	0 00	0 00
Continental Resources, Inc	100	1,824 28	0 00	0 00
Covidien Ltd	175	6,916 89	6,909 76	7,876 75
Cree Research	50	2,943 00	0 00	0 00
Ctrp com Intl Adr	150	7,279 75	0 00	0 00
Disney (Walt) Co	130	6,568 50	2,846 35	4,875 00
Emerson Electric	250	11,944 05	0 00	0 00
Endo Pharmaceuticals Hldgs Inc Com	50	0 00	1,601 76	1,726 50
Enzon Pharmaceuticals Inc	650	4,805 66	0 00	0 00
EOG Resources Inc	75	4,977 17	0 00	0 00
F5 Networks Inc Com	75	0 00	7,030 68	7,959 00
Fedex Corp	75	8,332 81	6,249 61	6,263 25
General Electric	190	2,753 72	1,308 02	3,402 90
General Mills Inc	100	0 00	3,813 83	4,041 00
Gilead Sciences	100	3,613 72	0 00	0 00
Google Inc CL A	15	19,634 73	8,211 25	9,688 50
Green Mtn Coffee Roasters	25	0 00	1,118 44	1,121 25
Halliburton Co	250	7,768 71	0 00	0 00
Helmench & Payne Inc	150	11,633 67	6,363 21	8,754 00
Honeywell International Inc	150	6,118 60	6,118 60	8,152 50
Hudsoncity Bancorp Inc	700	9,519 52	0 00	0 00
Huntington Bankshares	800	0 00	5,176 97	4,392 00
Ibenabank Corp	50	2,733 92	0 00	0 00
Indeox Laboratones	50	0 00	3,697 25	3,848 00
Johnson Controls Inc	300	12,963 27	8,295 75	9,378 00
Kansas City Southern Inds	75	6,706 86	2,874 37	5,100 75
Laboratory Crp of Amer Hldgs	50	0 00	4,423 08	4,298 50
Medco Health Solutions Inc	100	6,974 42	4,639 73	5,590 00
Mednax Inc	150	8,093 14	0 00	0 00
Medtronic Inc	100	0 00	3,492 96	3,825 00
Merck & Co Inc New Com	150	0 00	4,736 94	5,655 00

**The Morgan Foundation, Inc.**  
**Other Investments - Securities**  
**12 Months Ending December 31, 2011**

	# of	COST		Market Value
Metlife Inc	75	0 00	2,473 29	2,338 50
Monster Worldwide Inc	450	6,790 76	0 00	0 00
Monsanto Co	75	3,329 78	5,223 52	5,255 25
Mosaic Co	75	4,982 43	0 00	0 00
Netflix Com Inc	20	828 77	0 00	0 00
Nike Inc CL B	100	8,812 34	5,874 89	9,637 00
Nordstrom Inc	100	9,743 60	3,788 27	4,971 00
Northern Trust Corp	100	4,973 26	0 00	0 00
PNC Bk Corp Com	150	6,144 16	8,583 40	8,650 50
Pacira Pharmaceuticals Inc	200	0 00	1,448 84	1,730 00
Paychex Inc	200	0 00	5,330 97	6,022 00
Pepsico Inc	125	7,348 29	7,348 29	8,293 75
Polycom Inc	350	8,960 46	0 00	0 00
Prmo Water Corp	400	0 00	2,101 15	1,216 00
Qualcomm Inc	250	9,768 57	9,768 57	13,675 00
Rackspace Hosting Inc	100	1,669 72	0 00	0 00
Rent-A-Center Inc	150	0 00	4,366 67	5,550 00
Research In Moton	275	15,008 09	0 00	0 00
Riverbed Technology	300	0 00	9,256 44	7,050 00
Rosetta Resources Inc	100	4,473 90	2,176 14	4,350 00
Sandndge Energy Inc	850	0 00	7,573 27	6,936 00
Sherwin Williams Co	50	3,831 17	0 00	0 00
Sinus XM Radio Inc	2,300	0 00	4,459 20	4,186 00
Sodastream Intl Ltd	200	0 00	6,868 67	6,538 00
Sonic Solutions	550	4,452 66	0 00	0 00
Southwestern Energy Co	250	0 00	9,916 30	7,985 00
Toreador Resources Corp	600	3,605 13	5,818 48	3,090 00
United Healthcare Corp	100	5,069 08	3,231 76	5,068 00
Venfone Holdings	50	2,808 95	936 32	1,776 00
Vivus Inc	300	5,870 74	2,735 65	2,925 00
Wesco Intl Inc	100	3,579 96	0 00	0 00
W W Grainger Inc	35	0 00	4,802 68	6,551 65
Wyndham Worldwide Corp Com	50	2,591 27	1,295 64	1,891 50
<b>Total Franklin St. Equity Holdings:</b>		<b>371,701 30</b>	<b>272,114 65</b>	<b>321,579 65</b>
<b>Mutual Funds:</b>				
Dodge & Cox Intl Stock Fund	192	6,125 72	0 00	0 00
Harding Loevner Emerging Markets Ports	346	16,030 00	0 00	0 00
Ishares Trust MSCI Eafe Index Fund	240	0 00	11,329 08	11,887 20
John Hancock Intl Core FD CL A	331	9,101 08	0 00	0 00
Mainstay Epoch Global Yield CL A	1,808	0 00	25,138 44	27,457 67
Matthews Asia Dividend Fund	981	0 00	11,844 38	12,243 80
RS Global Natural Resources Fund CL Y	375	0 00	14,362 07	13,147 83
Third Avenue Real Estate Value Fund	1,341	0 00	31,795 27	27,135 34
Vanguard Emerging Markets ETF	820	0 00	35,167 61	31,332 20
William Blair Funds Intl Fds	310	5,725 00	0 00	0 00
		<b>36,981 80</b>	<b>129,636 85</b>	<b>123,204 04</b>
<b>Natural Resource Funds:</b>				
PIMCO Commodity Real Return Strategy Fund CL A	4,681	38,663 70	0 00	0 00
<b>Fixed Income:</b>				
Calamos Convertible Fund Class I	649	10,317 44	0 00	0 00
Fidelity Advisor Ser II Fltg Rate High Inc	1,391	0 00	13,574 56	13,410 25
Fidelity Strategic Income Fund	1,027	10,023 09	0 00	0 00
Hotchkis and Wiley High Yield Fund A	3,408	14,916 81	42,126 89	39,907 00
Pimco Foreign Bond (Unhedged) Fund I Shrs	1,214	0 00	12,988 06	13,223 59
		<b>35,257 34</b>	<b>68,689 51</b>	<b>66,540 84</b>
<b>Total Franklin St. Mutual Fund Holdings:</b>		<b>110,902 84</b>	<b>198,326 36</b>	<b>189,744 88</b>
<b>Corporate Bonds:</b>				
Dell Inc Sr NTS 4 625% Due 4/1/21	25,000	0 00	24,812 50	27,114 78
General Elec Cap Corp 3 75% Due 11/14/14	25,000	25,750 00	25,750 00	26,351 70
Shell Intl FIN	25,000	26,226 75	26,226 75	26,871 00
Toyota Motor Credit Corp Mtn 4.5% Due 6/17/20	25,000	25,667 25	25,667 25	27,287 40
Accrued Interest		0 00	0 00	732 99
		<b>77,644 00</b>	<b>102,456 50</b>	<b>108,357 87</b>

The Morgan Foundation, Inc.  
Other Investments - Securities  
12 Months Ending December 31, 2011

	# of	COST		Market Value
<b>Government Agencies - FHLB:</b>				
FHLB 2 050% Due 08/10/12	25,000	25,000 00	0 00	0 00
Accrued Interest		0 00	0 00	0 00
		<u>25,000 00</u>	<u>0 00</u>	<u>0 00</u>
<b>Government Agencies - FCCB:</b>				
FCCB 2 620% Due 06/15/15	25,000	25,000 00	0 00	0 00
Accrued Interest		0 00	0 00	0 00
		<u>25,000 00</u>	<u>0 00</u>	<u>0 00</u>
<b>Government Bonds:</b>				
US Treasury Notes 1 500% 07/15/12	25,000	24,887 70	24,887 70	25,188 48
Accrued Interest		0 00	0 00	173 23
		<u>24,887 70</u>	<u>24,887 70</u>	<u>25,361 71</u>
<b>Total Franklin St. Fixed Income:</b>		<u>152,531 70</u>	<u>127,344 20</u>	<u>133,719 58</u>
<b>Cash:</b>				
SEI Daily Treasury Fund		39,181 72	64,043 80	64,043 80
<b>TOTAL FRANKLIN STREET PARTNERS HOLDINGS</b>		<b>674,317.58</b>	<b>661,829.01</b>	<b>709,087.91</b>
	Rounding		(0 04)	0 79
			661,828 97	709,088 70
<b>Wells Fargo Bank, N.A. Investment Manager</b> <i>Under Agreement Dated April 24, 2006</i> <i>Account No: 1025871752</i>				
<b>Equities:</b>				
Davis New York Venture FD CL Y	872	46,932 23	30,306 17	28,614 74
ING Real Estaticd Fund CL I	3,552	48,483 29	32,700 67	54,588 38
Ishares Russell Midcap Index FD	216	51,010 41	23,593 68	21,258 72
Stratton FDS Inc Small Cap Yield	327	30,472 12	15,349 91	16,261 12
Vanguard Institutional Index FD	337	63,982 00	43,116 98	38,799 89
Harbor International Fund Ins CL	673	46,646 55	36,380 43	35,283 90
Morgan Stanley Institutional Fund Inc- International Real Estate CL I (FD#1)	534	17,622 16	13,743 15	7,833 38
SSGA FDS Emerging Markets Fund-S	753	19,686 99	15,336 39	13,582 35
<b>Total Wells Fargo Equities:</b>		<u>324,835 75</u>	<u>210,527 38</u>	<u>216,222 48</u>
<b>Fixed Income:</b>				
Arto Total Return Bond FD-I	3,074	50,896 61	39,719 14	41,655 91
Dodge & Cox Income Fund	2,460	39,212 36	30,602 24	32,717 83
Pimco Total Return FD II Instl CL	2,494	33,500 00	26,137 56	26,312 14
Vanguard Inflation-Protected Securities FD IV CL	1,808	29,533 85	23,051 61	25,510 44
Wells Fargo Advantage Intl Bond FD CL #4705	1,476	20,044 43	15,618 94	16,755 66
Pimco Emerging Markets Bond FD Ins CL	1,332	14,589 61	11,230 28	14,980 98
<b>Total Wells Fargo Fixed Income:</b>		<u>187,776 86</u>	<u>146,359 77</u>	<u>157,932 96</u>
<b>Short - Term Reserves &amp; Cash</b>				
Secured Market Deposit Account		10,103 15	15,739 68	15,739 68
<b>Total Wells Fargo ST Reserves &amp; Cash:</b>		<u>10,103 15</u>	<u>15,739 68</u>	<u>15,739 68</u>
<b>TOTAL WELLS FARGO BANK NA INVESTMENT MANAGER PORTFOLIC</b>		<b>522,715.76</b>	<b>372,626.83</b>	<b>389,895.12</b>
<b>MERRILL LYNCH INVESTMENT GROUP</b> Account Number: 8PW-04014				
<b>Cash/Money Accounts:</b>				
Cash		356 65	630 05	630 05
FFI Institutional Fund		12,422 41	12,432 88	12,432 88
<b>Total Cash/Money Accounts:</b>		<u>12,779 06</u>	<u>13,062 93</u>	<u>13,062 93</u>
<b>Equities:</b>				
Wells Fargo & Co New Del (previously Wachovia Corp New	705	127,063 62	127,063 62	19,429 80
<b>Total ML Act# 8PW-04014:</b>		<b>139,842.68</b>	<b>140,126.55</b>	<b>32,492.73</b>

The Morgan Foundation, Inc.  
Other Investments - Securities  
12 Months Ending December 31, 2011

	# of	COST		Market Value
<b><u>MERRILL LYNCH ENDOWMENT MANAGEMENT</u></b>				
<b><u>ACCOUNT (EMA)</u></b>				
Account Number: 788-02058				
<b><u>Cash/Money Accounts</u></b>				
Cash		0 47	0 45	0 45
ML Bank Deposit Program		5,175 00	6,490 00	6,490 00
	<b>Sub-Total Cash/Money Accounts:</b>	<u>5,175 47</u>	<u>6,490 45</u>	<u>6,490 45</u>
<b><u>Equities</u></b>				
BAC Mkt Link Step Up SPX S&P 500	7,000	70,000 00	0 00	0 00
BAC Steps X US Steel Corp	10,000	100,000 00	0 00	0 00
GT Steps Issuer Barc CPN 9% SV 12 25 Due 8/28/2012	3,688	0 00	36,880 00	38,170 80
Seagate Steps Issuer Bac CPN 12 5% SV 17 67 Due 5/11/2012	7,000	0 00	70,000 00	63,420 00
SP500 Stepup Issuer Bac Step 17 25% SV 1167 72 Due 3/23/2012	7,000	0 00	70,000 00	77,280 00
Teekay Tankers Ltd	3,850	52,553 27	52,553 27	13,552 00
Navios Maritime Partners LP	35,000	65,015 65	0 00	0 00
	<b>Sub-Total ML Equities:</b>	<u>287,568 92</u>	<u>229,433 27</u>	<u>192,422 80</u>
<b><u>Mutual Funds</u></b>				
ING Infrastructure Industris and Matral Fund	1,100	20,916 44	20,916 44	16,929 00
	<b>Sub-Total Mutual Funds:</b>	<u>20,916 44</u>	<u>20,916 44</u>	<u>16,929 00</u>
	<b>TOTAL MERRILL LYNCH EMA-ACCT. 788-02058</b>	<b><u>313,660.83</u></b>	<b><u>256,840.16</u></b>	<b><u>215,842.25</u></b>

<b><u>MERRILL LYNCH ENDOWMENT MANAGEMENT</u></b>				
<b><u>ACCOUNT (EMA)</u></b>				
Account Number: 788-02060				
<b><u>Cash/Money Accounts</u></b>				
Cash		20 64	0 48	0 48
ML Bank Deposit Program		4,840 00	4,421 00	4,421 00
	<b>Total Cash/Money Accounts:</b>	<u>4,860 64</u>	<u>4,421 48</u>	<u>4,421 48</u>
<b><u>Equities</u></b>				
Alaska Air Group Inc Com	50	0 00	3,397 50	3,754 50
Alliance Data Sys Corp	33	0 00	3,356 43	3,426 72
Alpha Natural Resources	61	3,333 65	0 00	0 00
Altisource Portfolio Sol	17	0 00	3,299 19	3,412 24
AMN Software Inc CL A	388	0 00	3,406 64	3,666 60
Americas Car-Mart Inc	89	0 00	3,380 22	3,487 02
Anadigics Inc	450	3,266 64	0 00	0 00
Atmel Corp	276	3,258 79	0 00	0 00
Borg Warner Inc	49	3,245 76	0 00	0 00
Brown Forman Corp CL B	42	0 00	3,391 92	3,381 42
Brush Engineered Materials	83	3,295 93	0 00	0 00
Cablevision NY Grp CL A	98	3,265 36	0 00	0 00
Cambrex Corp Com	478	0 00	3,407 42	3,432 04
CNH Global NV	71	3,313 57	0 00	0 00
Chipotle Mexican Grill	14	1,924 58	0 00	0 00
Churchill Downs Inc	70	0 00	3,423 00	3,649 10
Coinstar Inc	50	2,578 40	0 00	0 00
Colfax Corp	109	0 00	3,418 77	3,104 32
Complete Prodn Services Inc	104	3,234 61	0 00	0 00
Cross Inc	183	1,722 03	0 00	0 00
Daktronics Inc SD Com	209	3,240 59	0 00	0 00
Deckers Outdoors Corp	40	3,207 20	0 00	0 00
Dineequity Inc	58	1,692 15	0 00	0 00
Dollar Tree Inc	41	0 00	3,369 38	3,407 51
Dominos Pizza Inc	100	0 00	2,330 41	3,395 00
Donaldson Co Inc	50	0 00	3,401 50	3,404 00
Ehealth Inc	226	0 00	3,401 19	3,322 20
Exponent Inc	72	0 00	3,394 80	3,309 84
Ferro Corp	213	3,301 50	0 00	0 00
FTI Consulting Inc Com	80	0 00	3,417 60	3,393 60

The Morgan Foundation, Inc.  
Other Investments - Securities  
12 Months Ending December 31, 2011

	# of	COST		Market Value
Finisar corp	138	3,276 12	0 00	0 00
Foot Locker Inc NY Com	137	0 00	3,399 50	3,266 08
Fossil Inc	44	3,255 56	0 00	0 00
Freeprt-McMran CPR & GLD	29	3,209 43	0 00	0 00
Generac Hldgs Inc	127	0 00	3,418 01	3,559 81
General Communication CL A	272	3,282 82	0 00	0 00
Genesco Inc	58	0 00	3,413 88	3,580 92
Genuine Parts Co	58	0 00	3,433 02	3,549 60
Georgia Gulf Corp	141	3,242 01	0 00	0 00
Green Mountain Coffee Ros	86	3,223 28	0 00	0 00
Herbalife Ltd	47	3,258 04	0 00	0 00
Hexcel Corp New Com	140	0 00	3,411 80	3,389 40
Hibbett Sports Inc	74	0 00	3,399 56	3,343 32
HSN Inc	94	0 00	3,397 16	3,408 44
Huntsman Corp	195	3,224 25	0 00	0 00
Kansas City Southern	51	0 00	3,371 10	3,468 51
Knpsy Kreme Doughnuts	455	3,296 11	0 00	0 00
Lancaster Colony CP Ohio	50	0 00	3,432 97	3,467 00
Las Vegas Sands Corp	69	1,093 59	0 00	0 00
Lions Gate Entmt Crp New	391	0 00	3,427 35	3,253 12
Liquidity SVCS Inc	91	0 00	3,392 48	3,357 90
Manhattan Assocs Inc	75	0 00	3,391 50	3,036 00
Manpower Inc	53	3,247 31	0 00	0 00
Monotype Imaging Hldgs	221	0 00	3,396 77	3,445 39
Monster Worldwide Inc	137	3,275 56	0 00	0 00
Myers Industres Inc	273	0 00	3,402 92	3,368 82
Netflix Com Inc	18	1,981 80	0 00	0 00
Omnivision Techs Inc	105	3,247 23	0 00	0 00
Pan Amer Silver Corp	83	3,255 26	0 00	0 00
Panhandle Oil and Gas Inc	101	0 00	3,424 91	3,313 81
Papa Johns Intl Inc	92	0 00	3,426 08	3,466 56
Petsmart Inc	69	0 00	3,394 80	3,539 01
Power-One Inc	315	2,510 52	0 00	0 00
Prceline Com Inc	8	3,317 52	0 00	0 00
Provident Energy Ltd Shs	355	0 00	3,401 26	3,439 95
RPC Inc	150	2,893 97	0 00	0 00
Royal Caribbean Cruises	75	3,252 75	0 00	0 00
Sally Beauty Hldgs Inc	232	3,245 68	0 00	0 00
Silicon Image Inc	432	3,242 16	0 00	0 00
Sohu Com Inc	42	3,240 72	0 00	0 00
Southern Copper Corp	70	3,259 20	0 00	0 00
Spectranetics Corp Com	469	0 00	3,407 61	3,386 18
Stand Motor Prod	170	0 00	3,413 60	3,408 50
Targa Resources Corp Com	90	0 00	3,402 90	3,662 10
Taser Intl Inc Del Com	543	0 00	3,405 59	2,780 16
Tata Motors Ltd Adr	110	3,273 60	0 00	0 00
Tenneco Inc	79	1,640 20	0 00	0 00
Timken Company	69	3,269 22	0 00	0 00
Tnumph Group Inc New	59	0 00	3,376 57	3,448 55
Tnquint Semiconductor	248	3,259 96	0 00	0 00
Tyler Techs Inc Del Com	112	0 00	3,325 51	3,372 32
Under Armour Inc	55	3,254 90	0 00	0 00
United Rentals Inc	147	3,255 80	0 00	0 00
Veeco Instruments Inc	68	3,291 20	0 00	0 00
Viropharma Inc Com	143	0 00	3,403 33	3,916 77
Vishay Intertechnlgy	217	1,462 47	0 00	0 00
Westlake Chem Corp	81	3,300 75	0 00	0 00
Zumiez Inc	105	3,256 05	0 00	0 00
<b>Sub-Total ML Equities:</b>		<b>143,475 80</b>	<b>134,866 15</b>	<b>136,774 33</b>
<b>TOTAL MERRILL LYNCH EMA-ACCT. 788-02060</b>		<b>148,336.44</b>	<b>139,287.63</b>	<b>141,195.81</b>

**MERRILL LYNCH ENDOWMENT MANAGEMENT**

**ACCOUNT (EMA)**

Account Number: 788-02063

**Cash/Money Accounts**

Cash	19 70	94 32	94 32
ML Bank Deposit Program	2,140 00	3,528 00	3,528 00

The Morgan Foundation, Inc.  
Other Investments - Securities  
12 Months Ending December 31, 2011

	# of	COST		Market Value
		2,159 70	3,622 32	3,622 32
<b>Total Cash/Money Accounts:</b>				
<b>Equities</b>				
Alexandna Real Est Eqts	20	1,275 84	1,275 84	1,379 40
AMB Property Corp REIT	61	2,333 63	0 00	0 00
American Assets Tr Inc	35	0 00	745 37	717 85
American Campus Cmnty Inc	23	662 05	708 16	965 08
Avalonbay Cmmun Inc REIT	41	3,504 03	3,504 03	5,354 60
Biomed Realty Tr Inc	86	1,385 83	1,385 83	1,554 88
Boston PPTYS Inc REIT	53	4,724 34	4,551 76	5,278 80
Brookfield PPTYS Crp Com	56	963 92	963 92	875 84
Camden PPTY TR Com SBI REIT	49	1,901 40	1,901 40	3,049 76
Campus Crest Cmnty Inc	53	483 23	694 37	533 18
Coresite Realty Corp	32	520 16	520 16	570 24
Corp Office PPTYS Trust	13	454 54	0 00	0 00
Cubsmart Com	56	0 00	550 18	595 84
DCT Industrial Trust Inc	179	1,004 46	0 00	0 00
DDR Corp Com	107	0 00	1,158 61	1,302 19
Developers Edvsfd Rlty Cp	107	1,158 61	0 00	0 00
Digital Rlty TR Inc	18	693 67	0 00	0 00
Dupont Fabros Technology	84	904 14	998 24	2,034 48
Entertainment PPTYS TR REIT	37	1,165 67	1,119 68	1,617 27
Eqty Lifestyls PPTYS Inc	21	928 92	928 92	1,400 49
Equity Residential REIT	127	5,291 19	5,159 37	7,242 81
Essex PPTY TR INC COM REIT	6	562 00	435 82	843 06
Extra Space Storage Inc	80	1,526 94	844 00	1,938 40
FDL R INV TR SBI New MD REIT	37	2,471 51	2,471 51	3,357 75
First Potomac Rlty TR REIT	99	1,049 07	1,271 11	1,291 95
Forest City Entrprs CL A	40	0 00	473 30	472 80
HCP Inc	112	3,397 41	3,397 41	4,640 16
Health Care REIT Inc Com	19	858 26	858 26	1,036 07
Host Hotels & Resorts REIT	214	2,978 61	2,978 61	3,160 78
Hudson Pac PPTYS Inc	20	354 20	0 00	0 00
Kilroy Realty Corp	66	2,864 45	2,864 45	2,512 62
Kite Rlty Group TR	155	564 91	564 91	699 05
Liberty PPTY TR SBI REIT	83	3,042 97	3,042 97	2,563 04
Macerch Co REIT	69	1,489 09	1,489 09	3,491 40
National Retail PPTYS Inc	28	875 49	613 76	738 64
Nationwide Hlth PPTYS REIT	92	2,798 05	0 00	0 00
Omega Healthcare Invs REIT	86	1,331 41	1,331 41	1,664 10
Pebblebrook Hotel Trust	49	918 05	918 05	939 82
Piedmont Office Realty	38	733 69	619 17	647 52
Prologis Inc	148	0 00	4,970 92	4,231 32
Public Storage Inc \$0 10 REIT	40	3,615 81	3,431 24	5,378 40
Ramco-Gershenson Pptysbl	60	675 73	675 73	589 80
Regency Centers Corp REIT	63	3,845 83	3,845 83	2,370 06
Retail Opportunity	61	627 65	627 65	722 24
RLJ Lodging Trust	44	0 00	794 48	740 52
Simon Property Group Del REIT	99	7,778 83	7,619 25	12,765 06
Starwood Hotels and Resorts Worldwide NE	28	1,309 02	1,309 02	1,343 16
Ventas Inc	72	0 00	2,781 46	3,969 36
Vornado Realty Trust Com REIT	52	4,483 20	4,483 20	3,996 72
<b>Sub-Total ML Equities:</b>		<u>79,507 81</u>	<u>80,878 45</u>	<u>100,576 51</u>
<b>TOTAL MERRILL LYNCH EMA-ACCT. 788-02063</b>		<b>81,667.51</b>	<b>84,500.77</b>	<b>104,198.83</b>
<b>MERRILL LYNCH EMA CONSOLIDATED TOTALS:</b>		<u>543,664.78</u>	<u>480,628.56</u>	<u>461,236.89</u>
<b>GRAND TOTALS:</b>		<u>3,622,073.10</u>	<u>3,286,327.13</u>	<u>3,603,596.86</u>
Rounding Adjustment			(0 04)	
			<u>3,286,327.09</u>	

**THE MORGAN FOUNDATION, INC.**  
**Contributions**  
**12 Months Ending 12/31/11**

<u>Name and Address</u>	<u>Purpose of Grant</u>	<u>Amount</u>
AMERICAN CANCER SOCIETY SOUTH ATLANTIC DIVISION - SCOTLAND COUNTY P O BOX 41912 RALEIGH, NC 27629-1912	Relay for Life	5,000
MONTREAT COLLEGE P O BOX 1267 MONTREAT, NC 28757	Keystone Scholarship Fund	40,000
MONTREAT CONFERENCE CENTER P O BOX 969 MONTREAT, NC 28757	Morgan Youth Endowment Fund	220,000
HOSPICE OF SCOTLAND COUNTY PO BOX 1033 LAURINBURG, NC 28353	Richard L. Byrne Memorial Golf Tournament	5,000
NC PRESBYTERIAN HIGHER EDUCATION MINISTRIES 5700 EXECUTIVE CENTER DRIVE, SUITE 200 CHARLOTTE, NC 28212	Campus Ministries Previously "Campus Crusade for Christ"	20,000
PROJECT INASMUCH 12560 TURNPIKE ROAD LAURINBURG, NC 28352	Feeding Program for Poverty Level Children	1,000
SANDHILLS AREA LAND TRUST 140-A SW BROAD ST, P O BOX 1032 PINEHURST, NC 28388	Land and Ecosystem Conservation Programs	10,000
SANDHILL'S CHILDREN'S CENTER 1280 CENTRAL DRIVE PINEHURST, NC 28388	Technology Upgrade Early Educational Intervention For young children with severe and profound disabilities	10,355
SCOTLAND ACCELERATED ACADEMY 8901 MALLOW AVE LAUREL HILL, NC 28351	Field Tnp to Washington, DC Disadvantaged Children	1,500
SCOTLAND COUNTY PARTNERSHIP - SMART START PO BOX 586 LAURINBURG, NC 58353	Day Care Assistance Program	40,000
UNIVERSITY OF NORTH CAROLINA - PEMBROKE P O BOX 1510 PEMBROKE, NC 28372	Fundraiser - UNCP Football Golf Tournament	1,000

**THE MORGAN FOUNDATION, INC.**  
**Contributions**  
**12 Months Ending 12/31/11**

<u>Name and Address</u>	<u>Purpose of Grant</u>	<u>Amount</u>
SCOTLAND HIGH SCHOOL 1000 WEST CHURCH STREET LAURINBURG, NC 28352	Athletic Program Uniforms and Equipment	45,000
WAKE FOREST ATHLETICS 499 DEACON BLVD WINSTON-SALEM, NC 27105	Athletic Program Deacon Club	12,500
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	20,000
STORYTELLING ARTS CENTER OF THE SOUTHEAST, INC P O BOX 2154 LAURINBURG, NC 28353	Providing Reading Skills and Cultural Awareness Programs	30,000
SCOTLAND COUNTY FAMILY COUNSELING CENTER 303 SOUTH MAIN STREET LAURINBURG, NC 28352	Faith based Counseling Center	7,500
DOMESTIC VIOLENCE AND RAPE CRISIS CENTER P.O BOX 2130 LAURINBURG, NC 28353	General Contribution	5,000
SCOTS FOR YOUTH P O BOX 1831 LAURINBURG, NC 28353	Mentoring Program for At Risk Students	12,225
<b><u>Additional Contributions:</u></b>	<b>Pledged Grants - Total Payments:</b>	<b>536,080</b>
Scotland Memorial Foundation	"Puttin on the Ritz" Fundraiser	10,000
	<b>Unpledged Payments:</b>	<b>10,000</b>
	<b>TOTAL CONTRIBUTIONS:</b>	<b>546,080</b>
		GL 50007

**The Morgan Foundation Inc.**  
**Outstanding Pledges**  
**as of 12/31/2011**

<b>Grantee:</b>	<b>Amount Due</b>
Montreat Conference Center - Challenge Grant f/b/o Morgan Youth Endowment	755,000
Scotland County Recreation Foundation f/b/o "Walk in the Park" - Recreation Complex	100,000
Montreat College - Challenge Grant \$1M Payable Over 7 Years	1,000,000
Montreat College - Keystone Scholarship Fund	10,000
Scotland High School - Athletic Program	55,000
Scotland County Partnership for Children and Families - Smart Start Program	10,000
NC Presbyterian Higher Education Ministries	480,000
Scotland Family Counseling Center, Inc.	2,500
Presbytery of Coastal Carolina	20,000
Sandhills Area Land Trust	21,000
Habitat for Humanity	5,000
American Cancer Society - South Atlantic Division	300
Boy Scouts of America - Cape Fear Council	5,000
Scotland County Literacy Council	7,000
<b>Net Worth-Appropriated Pledges:</b>	<b>2,470,800</b>
	<b>G/L 30500</b>

## Application for Extension of Time To File an Exempt Organization Return

OMB No. 1545-1709

▶ **File a separate application for each return.**

- 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.*

**Electronic filing (e-file)** - You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on *e-file for Charities & Nonprofits*

**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.*

File by the due date for filing your return. See instructions.	Name of exempt organization or other filer, see instructions. <b>THE MORGAN FOUNDATION, INC.</b>	Employer identification number (EIN) or <input checked="" type="checkbox"/> <b>56-1790979</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>P.O. BOX 1167</b>	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>LAUREL HILL, NC 28351</b>	

Enter the Return code for the return that this application is for (file a separate application for each return) 04

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**JAMES L. MORGAN, JR.**

- The books are in the care of ▶ **PO BOX 1167 - LAUREL HILL, NC 28351**  
 Telephone No. ▶ **910-462-2016** 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.

**1** I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **AUGUST 15, 2012**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:  
 ▶  calendar year **2011** or  
 ▶  tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

**2** If the tax year entered in line 1 is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

<b>3a</b> 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.	<b>3a</b>	\$	<b>3,194.</b>
<b>b</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.	<b>3b</b>	\$	<b>194.</b>
<b>c</b> <b>Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions.	<b>3c</b>	\$	<b>3,000.</b>

**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.  
 LHA For Privacy Act and Paperwork Reduction Act Notice, see Instructions. Form 8868 (Rev. 1-2012)

• 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).

		<b>Enter filer's identifying number, see instructions</b>
<b>Type or print</b>	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
File by the due date for filing your return See instructions	<b>THE MORGAN FOUNDATION, INC.</b>	<input checked="" type="checkbox"/> 56-1790979
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>P.O. BOX 1167</b>	Social security number (SSN) <input type="checkbox"/>
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>LAUREL HILL, NC 28351</b>	

Enter the Return code for the return that this application is for (file a separate application for each return) 0 4

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	01	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

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

**JAMES L. MORGAN, JR.**

- The books are in the care of  **PO BOX 1167 - LAUREL HILL, NC 28351**  
Telephone No.  **910-462-2016** 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 NOVEMBER 15, 2012
- 5 For calendar year 2011, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.
- 6 If the tax year entered in line 5 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  
**ADDITIONAL TIME IS NEEDED TO COMPILE INVESTMENT STATEMENTS AND OTHER FINANCIAL INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN**

<b>8a</b> 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.	<b>8a</b>	\$	4,194.
<b>b</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.	<b>8b</b>	\$	3,194.
<b>c Balance due.</b> Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>8c</b>	\$	1,000.

**Signature and Verification must be completed for Part II only.**

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  Date