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

2011

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

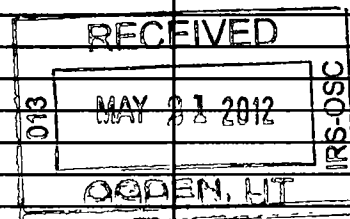
For calendar year 2011 or tax year beginning

, and ending

| | | |
|--|---|--|
| Name of foundation THE KENAN FAMILY FOUNDATION | | A Employer identification number 58-1587972 |
| Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 4150 | Room/suite | B Telephone number 919-967-0618 |
| City or town, state, and ZIP code CHAPEL HILL, NC 27515-4150 | | 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"/> Foreign organizations meeting the 85% test, 2. check here and attach computation <input type="checkbox"/> |
| H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation | | 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) \$ 4,829,271. | J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.) | F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/> |

| Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a)) | | (a) Revenue and expenses per books | (b) Net investment income | (c) Adjusted net income | (d) Disbursements for charitable purposes (cash basis only) |
|--|--|------------------------------------|---------------------------|-------------------------|---|
| 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 | | 88. | 88. | | STATEMENT 1 |
| 4 Dividends and interest from securities | | 81,904. | 81,904. | | STATEMENT 2 |
| 5a Gross rents | | | | | |
| b Net rental income or (loss) | | | | | |
| 6a Net gain or (loss) from sale of assets not on line 10 | | <3,256.> | | | |
| b Gross sales price for all assets on line 6a | | 3,661,608. | | | |
| 7 Capital gain net income (from Part IV, line 2) | | | 0. | | |
| 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 | | | | | |
| 12 Total. Add lines 1 through 11 | | 78,736. | 81,992. | 0. | |
| 13 Compensation of officers, directors, trustees, etc | | 0. | 0. | 0. | 0. |
| 14 Other employee salaries and wages | | | | | |
| 15 Pension plans, employee benefits | | | | | |
| 16a Legal fees | | | | | |
| b Accounting fees STMT 3 | | 5,808. | 0. | 0. | 5,808. |
| c Other professional fees STMT 4 | | 5,789. | 5,789. | 0. | 0. |
| 17 Interest | | | | | |
| 18 Taxes STMT 5 | | 495. | 495. | 0. | 0. |
| 19 Depreciation and depletion | | | | | |
| 20 Occupancy | | | | | |
| 21 Travel, conferences, and meetings | | | | | |
| 22 Printing and publications | | | | | |
| 23 Other expenses STMT 6 | | 26. | 11. | 0. | 15. |
| 24 Total operating and administrative expenses. Add lines 13 through 23 | | 12,118. | 6,295. | 0. | 5,823. |
| 25 Contributions, gifts, grants paid | | 230,000. | | | 230,000. |
| 26 Total expenses and disbursements. Add lines 24 and 25 | | 242,118. | 6,295. | 0. | 235,823. |
| 27 Subtract line 26 from line 12: | | | | | |
| a Excess of revenue over expenses and disbursements | | <163,382.> | | | |
| b Net investment income (if negative, enter -0-) | | | 75,697. | | |
| c Adjusted net income (if negative, enter -0-) | | | | 0. | |

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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 | | | 2,841. | 2,018. | 2,018. |
| | 2 Savings and temporary cash investments | | | 116,135. | 248,666. | 248,666. |
| | 3 Accounts receivable ▶ | | | | | |
| | Less: allowance for doubtful accounts ▶ | | | | | |
| | 4 Pledges receivable ▶ | | | | | |
| | Less: allowance for doubtful accounts ▶ | | | | | |
| | 5 Grants receivable | | | | | |
| | 6 Receivables due from officers, directors, trustees, and other disqualified persons | | | | | |
| | 7 Other notes and loans receivable ▶ | | | | | |
| | Less: allowance for doubtful accounts ▶ | | | | | |
| | 8 Inventories for sale or use | | | | | |
| | 9 Prepaid expenses and deferred charges | | | | | |
| | 10a Investments - U.S. and state government obligations | | | | | |
| | b Investments - corporate stock STMT 7 | | | 338,125. | 3,379,892. | 3,626,496. |
| | c Investments - corporate bonds | | | | | |
| Liabilities | 11 Investments - land, buildings, and equipment basis ▶ | | | | | |
| | Less accumulated depreciation ▶ | | | | | |
| | 12 Investments - mortgage loans | | | | | |
| | 13 Investments - other STMT 8 | | | 4,241,953. | 908,846. | 949,115. |
| | 14 Land, buildings, and equipment basis ▶ | | | | | |
| | Less accumulated depreciation ▶ | | | | | |
| | 15 Other assets (describe ▶ ACCRUED DIVIDENDS) | | | 6,726. | 2,976. | 2,976. |
| | 16 Total assets (to be completed by all filers) | | | 4,705,780. | 4,542,398. | 4,829,271. |
| | 17 Accounts payable and accrued expenses | | | | | |
| | 18 Grants payable | | | | | |
| Net Assets or Fund Balances | 19 Deferred revenue | | | | | |
| | 20 Loans from officers, directors, trustees, and other disqualified persons | | | | | |
| | 21 Mortgages and other notes payable | | | | | |
| | 22 Other liabilities (describe ▶) | | | | | |
| 23 Total liabilities (add lines 17 through 22) | | | 0. | 0. | | |
| Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/> | 24 Unrestricted | | | | | |
| | 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 | | | 4,705,780. | 4,542,398. | |
| | 28 Paid-in or capital surplus, or land, bldg., and equipment fund | | | 0. | 0. | |
| | 29 Retained earnings, accumulated income, endowment, or other funds | | | 0. | 0. | |
| | 30 Total net assets or fund balances | | | 4,705,780. | 4,542,398. | |
| 31 Total liabilities and net assets/fund balances | | | 4,705,780. | 4,542,398. | | |

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 | 4,705,780. |
| 2 Enter amount from Part I, line 27a | 2 | <163,382.> |
| 3 Other increases not included in line 2 (itemize) ▶ | 3 | 0. |
| 4 Add lines 1, 2, and 3 | 4 | 4,542,398. |
| 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 | 4,542,398. |

Part IV Capital Gains and Losses for Tax on Investment Income

| (a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.) | (b) How acquired P - Purchase D - Donation | (c) Date acquired (mo., day, yr.) | (d) Date sold (mo., day, yr.) |
|--|--|--------------------------------------|----------------------------------|
| 1a SEE STATEMENT | P | | |
| b SEE STATEMENT | P | | |
| c CAPITAL GAINS DIVIDENDS | | | |
| 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 510,604. | | 495,747. | 14,857. |
| b 3,143,688. | | 3,169,117. | <25,429.> |
| c 7,316. | | | 7,316. |
| d | | | |
| e | | | |

| (i) F.M.V. as of 12/31/69 | (j) Adjusted basis as of 12/31/69 | (k) Excess of col. (i) over col. (j), if any | (l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h)) |
|---------------------------|--------------------------------------|---|---|
| a | | | 14,857. |
| b | | | <25,429.> |
| c | | | 7,316. |
| d | | | |
| e | | | |

| | |
|---|--|
| 2 Capital gain net income or (net capital loss) | <div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; padding-left: 5px;"> If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 </div> <div style="margin-left: 10px;"> 2 <div style="border-left: 1px solid black; padding-left: 10px;"><3,256.></div> </div> </div> |
| 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 | <div style="display: flex; align-items: center;"> <div style="border-left: 1px solid black; padding-left: 5px;"> If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8 </div> <div style="margin-left: 10px;"> 3 <div style="border-left: 1px solid black; padding-left: 10px;">N/A</div> </div> </div> |

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 | 205,952. | 4,717,401. | .043658 |
| 2009 | 250,008. | 4,250,313. | .058821 |
| 2008 | 270,048. | 5,055,093. | .053421 |
| 2007 | 266,781. | 5,732,555. | .046538 |
| 2006 | 252,592. | 5,377,633. | .046971 |

| | | |
|---|---|------------|
| 2 Total of line 1, column (d) | 2 | .249409 |
| 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 | .049882 |
| 4 Enter the net value of noncharitable-use assets for 2011 from Part X, line 5 | 4 | 5,022,167. |
| 5 Multiply line 4 by line 3 | 5 | 250,516. |
| 6 Enter 1% of net investment income (1% of Part I, line 27b) | 6 | 757. |
| 7 Add lines 5 and 6 | 7 | 251,273. |
| 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 | 235,823. |

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) | | 1 | 1,514. |
| 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 | | 2 | 0. |
| c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b). | | 3 | 1,514. |
| 2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-) | | 4 | 0. |
| 3 Add lines 1 and 2 | | 5 | 1,514. |
| 4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-) | | | |
| 5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0- | | | |
| 6 Credits/Payments: | | | |
| a 2011 estimated tax payments and 2010 overpayment credited to 2011 | 6a 8,752. | 7 | 8,752. |
| b Exempt foreign organizations - tax withheld at source | 6b | 8 | |
| c Tax paid with application for extension of time to file (Form 8868) | 6c | 9 | |
| d Backup withholding erroneously withheld | 6d | 10 | 7,238. |
| 7 Total credits and payments. Add lines 6a through 6d | | 11 | 0. |
| 8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached | | | |
| 9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed | | | |
| 10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid | | | |
| 11 Enter the amount of line 10 to be: Credited to 2012 estimated tax | 7,238. Refunded | | |

Part VII-A Statements Regarding Activities

| | Yes | No |
|---|-----|----|
| 1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? | | X |
| b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities. | | X |
| c Did the foundation file Form 1120-POL for this year? | | 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 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities | | X |
| 3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes | | X |
| 4a Did the foundation have unrelated business gross income of \$1,000 or more during the year? | | X |
| b If "Yes," has it filed a tax return on Form 990-T for this year? | | |
| 5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T | | X |
| 6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? | X | |
| 7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV | X | |
| 8a Enter the states to which the foundation reports or with which it is registered (see instructions) NC | | |
| b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation | X | |
| 9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? If "Yes," complete Part XIV | | X |
| 10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses | | X |

N/A

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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 ► KENAN MANAGEMENT INC Telephone no. ► 919-967-0618 Located at ► SUITE 525, 100 EUROPA DRIVE, CHAPEL HILL, NC ZIP+4 ► 27515 | | | |
| 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? | 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 c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► | 2b | |
| 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? | 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? | 4b | X |

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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)?

N/A

5b

Organizations relying on a current notice regarding disaster assistance check here

☒**c** If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d).

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

6b

X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?☐ Yes ☒ No**b** If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation.

| (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 |
|----------------------|---|---|---|---------------------------------------|
| SEE STATEMENT 9 | | 0. | 0. | 0. |
| | | | | |
| | | | | |
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| | | | | |
| | | | | |

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 | | | | |
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| | | | | |

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

0

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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 | 4,945,486. |
| b | Average of monthly cash balances | 1b | 153,161. |
| c | Fair market value of all other assets | 1c | |
| d | Total (add lines 1a, b, and c) | 1d | 5,098,647. |
| 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 | 5,098,647. |
| 4 | Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions) | 4 | 76,480. |
| 5 | Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4 | 5 | 5,022,167. |
| 6 | Minimum investment return. Enter 5% of line 5 | 6 | 251,108. |

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 | 251,108. |
| 2a | Tax on investment income for 2011 from Part VI, line 5 | 2a | 1,514. |
| b | Income tax for 2011. (This does not include the tax from Part VI.) | 2b | |
| c | Add lines 2a and 2b | 2c | 1,514. |
| 3 | Distributable amount before adjustments. Subtract line 2c from line 1 | 3 | 249,594. |
| 4 | Recoveries of amounts treated as qualifying distributions | 4 | 0. |
| 5 | Add lines 3 and 4 | 5 | 249,594. |
| 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 | 249,594. |

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 | 235,823. |
| 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 | 235,823. |
| 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 | 235,823. |

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 (2011)

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 | | | | 249,594. |
| 2 Undistributed income, if any, as of the end of 2011 | | | | |
| a Enter amount for 2010 only | | | 233,110. | |
| b Total for prior years: | | 0. | | |
| 3 Excess distributions carryover, if any, to 2011: | | | | |
| a From 2006 | | | | |
| b From 2007 | | | | |
| c From 2008 | | | | |
| d From 2009 | | | | |
| e From 2010 | | | | |
| f Total of lines 3a through e | 0. | | | |
| 4 Qualifying distributions for 2011 from Part XII, line 4: ▶ \$ 235,823. | | | | |
| a Applied to 2010, but not more than line 2a | | | 233,110. | |
| 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 | | | | 2,713. |
| e Remaining amount distributed out of corpus | 0. | | | |
| 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: | 0. | | | |
| a Corpus Add lines 3f, 4c, and 4e Subtract line 5 | 0. | | | |
| 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 | | | | 246,881. |
| 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 | 0. | | | |
| 9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a | 0. | | | |
| 10 Analysis of line 9: | | | | |
| a Excess from 2007 | | | | |
| b Excess from 2008 | | | | |
| c Excess from 2009 | | | | |
| d Excess from 2010 | | | | |
| e Excess from 2011 | | | | |

Part XV Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

| Recipient Name and address (home or business) | If recipient is an individual, show any relationship to any foundation manager or substantial contributor | Foundation status of recipient | Purpose of grant or contribution | Amount |
|--|--|--------------------------------------|-------------------------------------|----------|
| a Paid during the year | | | | |
| SEE ATTACHED STATEMENT | | | | 230,000. |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total | | | ▶ 3a | 230,000. |
| b Approved for future payment | | | | |
| NONE | | | | |
| | | | | |
| | | | | |
| Total | | | ▶ 3b | 0. |

Form 990-PF (2011)

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

| 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 | 88. | |
| 4 Dividends and interest from securities | | | | 14 | 81,904. | |
| 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 | <3,256.> | |
| 9 Net income or (loss) from special events | | | | | | |
| 10 Gross profit or (loss) from sales of inventory | | | | | | |
| 11 Other revenue: | | | | | | |
| a _____ | | | | | | |
| b _____ | | | | | | |
| c _____ | | | | | | |
| d _____ | | | | | | |
| e _____ | | | | | | |
| 12 Subtotal. Add columns (b), (d), and (e) | | | 0. | | 78,736. | 0. |
| 13 Total. Add line 12, columns (b), (d), and (e) | | | | | | 78,736. |

(See worksheet in line 13 instructions to verify calculations.)

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

[illegible]

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

| SOURCE | AMOUNT |
|--|--------|
| JP MORGAN | 88. |
| TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A | 88. |

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

| SOURCE | GROSS AMOUNT | CAPITAL GAINS DIVIDENDS | COLUMN (A) AMOUNT |
|----------------------------------|--------------|----------------------------|----------------------|
| JP MORGAN | 89,220. | 7,316. | 81,904. |
| TOTAL TO FM 990-PF, PART I, LN 4 | 89,220. | 7,316. | 81,904. |

FORM 990-PF ACCOUNTING FEES STATEMENT 3

| DESCRIPTION | (A) EXPENSES PER BOOKS | (B) NET INVEST- MENT INCOME | (C) ADJUSTED NET INCOME | (D) CHARITABLE PURPOSES |
|------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| ACCOUNTING | 5,808. | 0. | 0. | 5,808. |
| TO FORM 990-PF, PG 1, LN 16B | 5,808. | 0. | 0. | 5,808. |

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 4

| DESCRIPTION | (A) EXPENSES PER BOOKS | (B) NET INVEST- MENT INCOME | (C) ADJUSTED NET INCOME | (D) CHARITABLE PURPOSES |
|------------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| INVESTMENT | 5,789. | 5,789. | 0. | 0. |
| TO FORM 990-PF, PG 1, LN 16C | 5,789. | 5,789. | 0. | 0. |

| FORM 990-PF | TAXES | | | STATEMENT | 5 |
|-----------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| DESCRIPTION | (A) EXPENSES PER BOOKS | (B) NET INVEST- MENT INCOME | (C) ADJUSTED NET INCOME | (D) CHARITABLE PURPOSES | |
| FOREIGN | 495. | 495. | 0. | 0. | |
| TO FORM 990-PF, PG 1, LN 18 | 495. | 495. | 0. | 0. | |

| FORM 990-PF | OTHER EXPENSES | | | STATEMENT | 6 |
|-----------------------------|------------------------------|-----------------------------------|-------------------------------|-------------------------------|---|
| DESCRIPTION | (A) EXPENSES PER BOOKS | (B) NET INVEST- MENT INCOME | (C) ADJUSTED NET INCOME | (D) CHARITABLE PURPOSES | |
| BANK CHARGES | 15. | 0. | 0. | 15. | |
| OTHER | 11. | 11. | 0. | 0. | |
| TO FORM 990-PF, PG 1, LN 23 | 26. | 11. | 0. | 15. | |

| FORM 990-PF | CORPORATE STOCK | | STATEMENT | 7 |
|---|-----------------|----------------------|-----------|---|
| DESCRIPTION | BOOK VALUE | FAIR MARKET VALUE | | |
| COCA-COLA, INC. | 0. | 0. | | |
| JP MORGAN EQUITY PORTFOLIO | 3,379,892. | 3,626,496. | | |
| TOTAL TO FORM 990-PF, PART II, LINE 10B | 3,379,892. | 3,626,496. | | |

| FORM 990-PF | OTHER INVESTMENTS | | STATEMENT | 8 |
|---------------------------------|---------------------|------------|----------------------|---|
| DESCRIPTION | VALUATION METHOD | BOOK VALUE | FAIR MARKET VALUE | |
| JP MORGAN INTREPID AMERICA FUND | COST | 0. | 0. | |
| JP MORGAN INTERNATIONAL EQUITY | COST | 0. | 0. | |
| ISHARES RUSSELL 2000 INDEX | COST | 0. | 0. | |
| ISHARES RUSSELL MIDCAP INDEX | COST | 0. | 0. | |
| JPMORGAN US LARGE CAP CORE PLUS | COST | 0. | 0. | |
| SPDR TRUST SERIES 1 | COST | 0. | 0. | |
| DODGE & COX INTERNATIONAL | COST | 0. | 0. | |

| | | | |
|--|------|----------|----------|
| JPMORGAN ASIA EQUITY | COST | 0. | 0. |
| JPMORGAN MARKET EXPANSION INDEX | COST | 0. | 0. |
| JPMORGAN SHORT DURATION | COST | 189,046. | 193,644. |
| ISHARES MSCI EAFE INDEX | COST | 87,779. | 101,537. |
| JPMORGAN STRATEGIC INCOME | COST | 184,211. | 184,700. |
| VANGUARD FIXED INCOME SECS F | COST | 160,843. | 180,137. |
| MATTHEWS PACIFIC TIGER FUND | COST | 0. | 0. |
| CULLEN HIGH DIVIDEND EQUITY FD | COST | 0. | 0. |
| JPMORGAN HIGH YIELD BOND FUND | COST | 190,065. | 189,751. |
| VANGUARD TOTAL BOND MARKET FUND | COST | 0. | 0. |
| VANGUARD MSCI EMERGING MARKETS ETG | COST | 96,902. | 99,346. |
| TOTAL TO FORM 990-PF, PART II, LINE 13 | | 908,846. | 949,115. |

FORM 990-PF PART VIII - LIST OF OFFICERS, DIRECTORS STATEMENT 9
 TRUSTEES AND FOUNDATION MANAGERS

| NAME AND ADDRESS | TITLE AND AVRG HRS/WK | COMPEN- SATION | EMPLOYEE BEN PLAN CONTRIB | EXPENSE ACCOUNT |
|---|----------------------------|-------------------|------------------------------|--------------------|
| ELIZABETH KENAN HOWELL 223 LONGWOOD DR CHAPEL HILL, NC 27514 | PRESIDENT/DIRECTOR 0.00 | 0. | 0. | 0. |
| ANNICE HAWKINS KENAN P.O. BOX 4150 CHAPEL HILL, NC 27514 | VP, DIRECTOR 0.00 | 0. | 0. | 0. |
| ELIZABETH PRICE KENAN 121 CEDAR CLUB CIRCLE CHAPEL HILL, NC 27517 | DIRECTOR 0.00 | 0. | 0. | 0. |
| OWEN GYWN, JR 1700 CLEARWATER LAKE DR CHAPEL HILL, NC 27514 | DIRECTOR 0.00 | 0. | 0. | 0. |
| THOMAS S. KENAN III P.O. BOX 4150 CHAPEL HILL, NC 27514 | VP, TREAS, DIRECT 0.00 | 0. | 0. | 0. |
| ROBERTA STERLING KENAN 1011 PINEHURST DR CHAPEL HILL, NC 27514 | DIRECTOR 0.00 | 0. | 0. | 0. |
| TOTALS INCLUDED ON 990-PF, PAGE 6, PART VIII | | 0. | 0. | 0. |

Kenan Family Foundation
 YE 12/31/11
 EIN - 58-1587972

| Name and Address | Foundation Status | Purpose of Grant or Contribution | Amount |
|---|-------------------|--|--------|
| UNC Medical Foundation 3027 Old Clinic Bldg, CB 7570 Chapel Hill NC 27599 | Public | Horizons Program | 10,000 |
| DUKE UNIVERSITY MEDICAL CENTER Box 3945 Durham, NC 27710-3945 | Public | FH Kenan Research Fund in Plastic Surgery | 10,000 |
| DUPLIN COUNTY BOARD OF EDUCATION PO Box 128 Kenansville, NC 28349 | Government | Liberty Hall Restoration Operations | 35,000 |
| GORDON SCHOOL 45 Maxfield Avenue East Providence, RI 02914 | Public | Director's Discretionary Fund | 10,000 |
| Full Frame Documentary Film Festival 324 Blackwell St , Ste 500 Durham, NC 27701 | Public | Director's Discretionary | 10,000 |
| Mount Carmel Ministries DBA Aqueduct Conference Center 1620 Mount Carmel Church Rd Chapel Hill, NC 27517 | Public | Operations/Speakers' Fund | 5,000 |
| The Educational Foundation 2141 Rosecrans Ave, Suite 7000 El Segundo, CA 90245 | Government | Owen G Kenan Tunnel | 20,000 |
| PLAYMAKERS REPERTORY COMPANY UNC-Chapel Hill Campus Box 3230 Chapel Hill, NC 27599-3230 | Public | Director's Discretionary | 10,000 |
| PREGNANCY SUPPORT SERVICES PO Box 52599 Durham, NC 27707 | Public | Operations | 5,000 |
| REALITY MINISTRIES PO Box 242 Durham, NC 27702 | Public | \$5,000 New Horizons \$5,000 - Reality Ministries | 10,000 |
| S E E D S 706 Gilbert Street Durham, NC 27701 | Public | Operations | 10,000 |

Kenan Family Foundation
 YE 12/31/11
 EIN - 58-1587972

| Name and Address | Foundation Status | Purpose of Grant or Contribution | Amount |
|--|-------------------|-----------------------------------|------------|
| Durham Rescue Mission PO Box 11858 Durham, NC 27701 | Public | Capital Campaign | 5,000 |
| THE EPISCOPAL CHURCH OF THE ADVOCATE PO Box 9 Carrboro, NC 27510 | Public | Capital Campaign Building Fund | 25,000 |
| UNC AT WILMINGTON FOUNDATION 601 South College Road Wilmington, NC 28403 | Government | Owen G Kenan Scholarship | 25,000 |
| UNC- Chapel Hill - Carolina Performing Arts 134 E Franklin St , CB 3233 Chapel Hill, NC 27599-3233 | Government | Director's Discretionary Fund | 10,000 |
| Ronald McDonald House of Chapel Hill 101 Old Mason Farm Road Chapel Hill, NC 27517 | Public | Hope Building | 25,000 |
| The Trinity Fund Trinity School of Durham and Chapel Hill 4011 Pickett Road Durham, NC 27705 | Public | Annual Fund | 5,000 |
| | | Total | \$ 230,000 |



THE KENAN FAMILY FOUNDATION
Account Number A 22836-00-0

Capital Gain and Loss Schedule

Transactions

| Description | Cusip | Units | Date Acquired | Date Sold | Sales Price | Tax Cost Basis | Gain/Loss | Ordinary Income* |
|-------------------------------------|-----------|------------|---------------|-----------|-------------------|-------------------|------------------|------------------|
| Short Term Non Covered | | | | | | | | |
| CULLEN HIGH DIVIDEND EQUITY FUND | 230001406 | 21,150 592 | 12/10/10 | 11/23/11 | 252,749 57 | 250,000.00 | 2,749 57 | |
| VANGUARD TOTAL BOND MARKET INDEX | 921937868 | 18,867 925 | 12/10/10 | 11/23/11 | 208,113 21 | 200,000 00 | 8,113 21 | |
| FUND-SIG | | | | | | | | |
| ISHARES MSCI EAFE INDEX FUND | 464287465 | 500 000 | 11/23/11 | 11/30/11 | 25,449 51 | 23,385 00 | 2,064 51 | |
| VANGUARD MSCI EMERGING MARKETS ETF | 922042858 | 600 000 | 11/23/11 | 11/30/11 | 24,291 73 | 22,362 00 | 1,929 73 | |
| Total Short Term Non Covered | | | | | 510,604.02 | 495,747.00 | 14,857.02 | |

* O indicates Ordinary Income Gain/Loss

F indicates Foreign Exchange Gain/Loss on Capital transactions

J.P.Morgan



THE KENAN FAMILY FOUNDATION
Account Number: A 22836-00-0

Capital Gain and Loss Schedule

Transactions

| Description | Cusip | Units | Date Acquired | Date Sold | Sales Price | Tax Cost Basis | Gain/Loss | Ordinary Income* |
|-------------------------------------|-----------|------------|---------------|-----------|---------------------|---------------------|-------------------|------------------|
| Long Term Non Covered | | | | | | | | |
| DODGE & COX INTERNATIONAL STOCK | 256206103 | 5,158.070 | Various | 11/23/11 | 144,838.61 | 225,000.00 | -80,161.39 | |
| JPM ASIA EQUITY FD - INSTL | 4812A0714 | 4,183.315 | Various | 11/23/11 | 118,889.81 | 94,338.97 | 24,550.84 | |
| JPM INTREPID AMERICA FD - SEL | 4812A2108 | 27,021.089 | Various | 11/23/11 | 571,225.82 | 487,662.04 | 83,563.78 | |
| JPM US LRGE CAP CORE PLUS FD - SEL | 4812A2389 | 36,458.333 | 01/31/07 | 11/23/11 | 679,218.74 | 700,000.00 | -20,781.26 | |
| JPM STR INC OPP FD | 4812A4351 | 7,860.262 | 09/09/09 | 11/23/11 | 90,000.00 | 88,820.96 | 1,179.04 | |
| JPM SHORT DURATION BOND FD - R6 | 4812C0167 | 27,322.404 | 11/21/07 | 11/23/11 | 300,000.00 | 292,076.50 | 7,923.50 | |
| JPM MARKET EXPANSION INDEX FD - SEL | 4812C1637 | 7,928.118 | 09/17/08 | 11/23/11 | 76,902.74 | 75,000.00 | 1,902.74 | |
| JPM INTL EQUITY INDEX FD - SEL | 4812C1876 | 6,505.985 | Various | 11/23/11 | 97,915.07 | 154,820.64 | -56,905.57 | |
| MATTHEWS PACIFIC TIGER INSTL FUND | 577130834 | 6,827.690 | Various | 11/23/11 | 136,690.35 | 135,000.00 | 1,690.35 | |
| VANGUARD FI SECS F INTR TRM CP PT | 922031885 | 4,975.124 | 06/12/09 | 11/23/11 | 50,000.00 | 44,378.11 | 5,621.89 | |
| FUND 71 | | | | | | | | |
| ISHARES RUSSELL MIDCAP INDEX FUND | 464287499 | 1,050.000 | Various | 11/23/11 | 96,765.40 | 87,618.21 | 9,147.19 | |
| ISHARES RUSSELL 2000 INDEX FUND | 464287655 | 1,600.000 | 10/05/06 | 11/23/11 | 108,297.12 | 116,943.96 | -8,646.84 | |
| SPDR S&P 500 ETF TRUST | 78462F103 | 4,050.000 | Various | 11/23/11 | 472,944.24 | 474,718.60 | -1,774.36 | |
| JPM STR INC OPP FD | 4812A4351 | 4,363.002 | 09/09/09 | 11/30/11 | 50,000.00 | 49,301.92 | 698.08 | |
| JPM SHORT DURATION BOND FD - R6 | 4812C0167 | 4,557.885 | 11/21/07 | 11/30/11 | 50,000.00 | 48,723.79 | 1,276.21 | |
| JPM HIGH YIELD FD - SEL | 4812C0803 | 6,535.948 | 06/08/10 | 11/30/11 | 50,000.00 | 49,934.64 | 65.36 | |
| VANGUARD FI SECS F INTR TRM CP PT | 922031885 | 5,020.080 | 06/12/09 | 11/30/11 | 50,000.00 | 44,779.11 | 5,220.89 | |
| FUND 71 | | | | | | | | |
| Total Long Term Non Covered | | | | | 3,143,687.90 | 3,169,117.45 | -25,429.55 | |

* O indicates Ordinary Income Gain/Loss F indicates Foreign Exchange Gain/Loss on Capital transactions



THE KENAN FAMILY FOUNDATION ACCT A22836000
For the Period 12/1/11 to 12/31/11

Equity Summary

| Asset Categories | Beginning Market Value | Ending Market Value | Change in Value | Current Allocation |
|------------------------|------------------------|-----------------------|--------------------|--------------------|
| US Large Cap Equity | 3,560,598.00 | 3,626,495.50 | 65,897.50 | 75% |
| EAFE Equity | 105,042.00 | 101,536.50 | (3,505.50) | 2% |
| Emerging Market Equity | 106,132.00 | 99,346.00 | (6,786.00) | 2% |
| Total Value | \$3,771,772.00 | \$3,827,378.00 | \$55,606.00 | 79% |

Emerging Market Equity _____
EAFE Equity _____



Market Value/Cost

| | Current Period Value |
|-------------------------|----------------------|
| Market Value | 3,827,378.00 |
| Tax Cost | 3,564,572.97 |
| Unrealized Gain/Loss | 262,805.03 |
| Estimated Annual Income | 112,281.00 |
| Accrued Dividends | 7,910.00 |
| Yield | 2.93% |

Equity as a percentage of your portfolio - 79 %

Equity Detail

| | Price | Quantity | Value | Adjusted Tax Cost Original Cost | Unrealized Gain/Loss | Est Annual Inc Accrued Div | Yield |
|---------------------------------|-------|-----------|------------|------------------------------------|-------------------------|-------------------------------|-------|
| US Large Cap Equity | | | | | | | |
| ABBOTT LABORATORIES | 56.23 | 4,500,000 | 253,035.00 | 236,937.15 | 16,097.85 | 8,640.00 | 3.41% |
| 002824-10-0 ABT | | | | | | | |
| BERKSHIRE HATHAWAY INC DEL CL B | 76.30 | 6,000,000 | 457,800.00 | 440,284.20 | 17,515.80 | | |
| 084670-70-2 BRK B | | | | | | | |

J.P.Morgan



00640738888110434805
01240730020010004405

THE KENAN FAMILY FOUNDATION ACCT A22836000
For the Period 12/1/11 to 12/31/11

| US Large Cap Equity | | | | | | | |
|---|-------|-----------|----------------|------------------------------------|-------------------------|--------------------------------|-------|
| | Price | Quantity | Value | Adjusted Tax Cost Original Cost | Unrealized Gain/Loss | Est. Annual Inc Accrued Div | Yield |
| COCA-COLA CO 191216-10-0 KO | 69.97 | 5,000 000 | 349,850.00 | 338,125.00 | 11,725.00 | 9,400.00 | 2.69% |
| EMERSON ELECTRIC CO 291011-10-4 EMR | 46.59 | 5,100 000 | 237,609.00 | 242,889.03 | (5,280.03) | 8,160.00 | 3.43% |
| EXXON MOBIL CORP 30231G-10-2 XOM | 84.76 | 3,850 000 | 326,326.00 | 289,247.42 | 37,078.58 | 7,238.00 | 2.22% |
| JOHNSON & JOHNSON 478160-10-4 JNJ | 65.58 | 4,650 000 | 304,947.00 | 289,629.90 | 15,317.10 | 10,602.00 | 3.48% |
| KIMBERLY-CLARK CORP 494368-10-3 KMB | 73.56 | 3,500 000 | 257,460.00 | 239,521.45 | 17,938.55 | 9,800.00 2,450.00 | 3.81% |
| KRAFT FOODS INC CLASS A 50075N-10-4 KFT | 37.36 | 8,400 000 | 313,824.00 | 289,334.64 | 24,489.36 | 9,744.00 2,436.00 | 3.10% |
| MERCK AND CO INC 58933Y-10-5 MRK | 37.70 | 7,200 000 | 271,440.00 | 240,529.68 | 30,910.32 | 12,096.00 3,024.00 | 4.46% |
| PROCTER & GAMBLE CO 742718-10-9 PG | 66.71 | 4,750 000 | 316,872.50 | 290,615.92 | 26,256.58 | 9,975.00 | 3.15% |
| ROCHE HOLDINGS LTD SPONS ADR 771195-10-4 RHHB Y | 42.56 | 6,500 000 | 276,653.00 | 241,670.00 | 34,983.00 | 7,345.00 | 2.65% |
| VODAFONE GROUP PLC SPONS ADR 92857W-20-9 VOD | 28.03 | 9,300 000 | 260,679.00 | 241,108.08 | 19,570.92 | 13,419.90 | 5.15% |
| Total US Large Cap Equity | | | \$3,626,495.50 | \$3,379,892.47 | \$246,603.03 | \$106,419.90 \$7,910.00 | 2.93% |

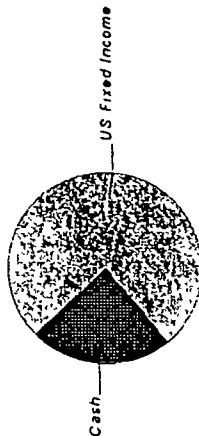


THE KENAN FAMILY FOUNDATION ACCT A22836000
For the Period 12/1/11 to 12/31/11

Cash & Fixed Income Summary

| Asset Categories | Beginning Market Value | Ending Market Value | Change In Value | Current Allocation |
|--------------------|---------------------------|------------------------|-----------------------|-----------------------|
| Cash | 457,266.88 | 248,666.40 | (208,600.48) | 5% |
| US Fixed Income | 750,910.27 | 748,231.24 | (2,679.03) | 16% |
| Total Value | \$1,208,177.15 | \$996,897.64 | (\$211,279.51) | 21% |

| Market Value/Cost | Current Period Value |
|-------------------------|-------------------------|
| Market Value | 996,897.64 |
| Tax Cost | 972,831.28 |
| Unrealized Gain/Loss | 24,066.36 |
| Estimated Annual Income | 31,373.77 |
| Accrued Interest | 2,985.82 |
| Yield | 3.14% |



Cash & Fixed Income as a percentage of your portfolio - 21 %

SUMMARY BY MATURITY

| Cash & Fixed Income | Market Value | % of Bond Portfolio |
|-------------------------|-----------------|------------------------|
| 0-6 months ¹ | 996,897.64 | 100% |

¹ The years indicate the number of years until the bond is scheduled to mature based on the statement end date. Some bonds may be called or paid in full, before their stated maturity.

SUMMARY BY TYPE

| Cash & Fixed Income | Market Value | % of Bond Portfolio |
|---------------------|---------------------|------------------------|
| Cash | 248,666.40 | 24% |
| International Bonds | 184,699.80 | 18% |
| Mutual Funds | 563,531.44 | 58% |
| Total Value | \$996,897.64 | 100% |

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