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

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

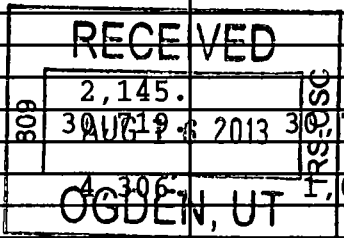
For calendar year 2012 or tax year beginning

, and ending

Name of foundation THE MORGAN FOUNDATION, INC.		A Employer identification number 56-1790979
Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 1167	Room/suite	B Telephone number 910-462-2016
City or town, state, and ZIP code LAUREL HILL, NC 28351		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Address 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) ▶ \$ 3,539,574.	J Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input checked="" type="checkbox"/> Other (specify) MODIFIED CASH (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)
Revenue			N/A	
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	33,436.	33,436.		STATEMENT 1
4 Dividends and interest from securities	73,056.	73,056.		STATEMENT 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	161,333.			
b Gross sales price for all assets on line 6a 1,724,036.				
7 Capital gain net income (from Part IV, line 2)		161,333.		
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	11,905.	7,818.		STATEMENT 3
12 Total. Add lines 1 through 11	279,730.	275,643.		
Operating and Administrative Expenses				
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 STMT 4	2,145.	0.		2,145.
c Other professional fees STMT 5	30,719.			0.
17 Interest				
18 Taxes STMT 6	4,305.			0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses STMT 7	3,181.	80.		412.
24 Total operating and administrative expenses. Add lines 13 through 23	40,351.	31,801.		2,557.
25 Contributions, gifts, grants paid	639,050.			639,050.
26 Total expenses and disbursements. Add lines 24 and 25	679,401.	31,801.		641,607.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	<399,671.>			
b Net investment income (if negative, enter -0-)		243,842.		
c Adjusted net income (if negative, enter -0-)			N/A	

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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		148,910.	444,874.	444,874.
	3	Accounts receivable ▶	7,546.			
		Less: allowance for doubtful accounts ▶		6,250.	7,546.	7,546.
	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		194.	5,548.	5,548.
	10a	Investments - U.S. and state government obligations STMT 8		413,906.	370,463.	409,504.
	b	Investments - corporate stock STMT 9		2,222,367.	1,654,264.	1,955,548.
	c	Investments - corporate bonds STMT 10		531,896.	448,639.	474,036.
11	Investments - land, buildings, and equipment basis ▶					
	Less: accumulated depreciation ▶					
12	Investments - mortgage loans					
13	Investments - other STMT 11		250,000.	242,518.	242,518.	
14	Land, buildings, and equipment: basis ▶					
	Less: accumulated depreciation ▶					
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers)		3,573,523.	3,173,852.	3,539,574.	
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 ▶)				
23	Total liabilities (add lines 17 through 22)		0.	0.		
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ <input type="checkbox"/>					
	and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted				
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here ▶ <input checked="" type="checkbox"/>					
	and complete lines 27 through 31.					
27	Capital stock, trust principal, or current funds		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		<3,240,435.>	<3,640,106.>		
30	Total net assets or fund balances		3,573,523.	3,173,852.		
31	Total liabilities and net assets/fund balances		3,573,523.	3,173,852.		

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	3,573,523.
2	Enter amount from Part I, line 27a	2	<399,671.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	3,173,852.
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	3,173,852.

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 PUBLICLY TRADED SECURITIES			
b CAPITAL GAINS DIVIDENDS			
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 1,717,150.		1,562,703.	154,447.
b 6,886.			6,886.
c			
d			
e			

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			154,447.
b			6,886.
c			
d			
e			

2 Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	161,333.
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 the instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2011	546,080.	4,227,573.	.129171
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

2 Total of line 1, column (d)	2	.899159
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	.179832
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	3,703,587.
5 Multiply line 4 by line 3	5	666,023.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,438.
7 Add lines 5 and 6	7	668,461.
8 Enter qualifying distributions from Part XII, line 4	8	641,607.

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

Part 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	4,877.
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	4,877.
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	4,877.
6 Credits/Payments:			
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	4,465.	
b Exempt foreign organizations - tax withheld at source	6b		
c Tax paid with application for extension of time to file (Form 8868)	6c	6,000.	
d Backup withholding erroneously withheld	6d		
7 Total credits and payments. Add lines 6a through 6d	7	10,465.	
8 Enter any penalty for underpayment of estimated tax. Check here <input checked="" type="checkbox"/> if Form 2220 is attached	8	43.	
9 Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9		
10 Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	5,545.	
11 Enter the amount of line 10 to be: Credited to 2013 estimated tax <input type="checkbox"/> 5,545. Refunded <input type="checkbox"/>	11	0.	

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)? <i>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.</i>		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. <input type="checkbox"/> \$ 0. (2) On foundation managers. <input type="checkbox"/> \$ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ 0.		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? <i>If "Yes," attach a detailed description of the activities.</i>		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? <i>If "Yes," attach a conformed copy of the changes</i>		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? <i>If "Yes," attach the statement required by General Instruction T.</i>		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?		
7 Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) <input type="checkbox"/> 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? <i>If "No," attach explanation</i>	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 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>		X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>		X

N/A

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)		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)		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address N/A	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 2012, 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		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 <input type="checkbox"/> 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 2012?	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 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? <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.) <input type="checkbox"/> 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 2012 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 2012.) <input type="checkbox"/> 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 2012?	4b	X

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

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive? Yes No
- (3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? Yes No
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No
 Organizations relying on a current notice regarding disaster assistance check here

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

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

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

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

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 PO BOX 1167 LAUREL HILL, NC 28351	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 N/A	
2	
3	
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	
3 All other program-related investments. See instructions.	

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	3,715,862.
b	Average of monthly cash balances	1b	35,917.
c	Fair market value of all other assets	1c	8,208.
d	Total (add lines 1a, b, and c)	1d	3,759,987.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	3,759,987.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	56,400.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,703,587.
6	Minimum investment return. Enter 5% of line 5	6	185,179.

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	185,179.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	4,877.
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	4,877.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	180,302.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	180,302.
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	180,302.

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	641,607.
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	641,607.
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	641,607.

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 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				180,302.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007	720,513.			
b From 2008	527,404.			
c From 2009	543,250.			
d From 2010	724,084.			
e From 2011	339,059.			
f Total of lines 3a through e	2,854,310.			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$	641,607.			
a Applied to 2011, 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 2012 distributable amount				180,302.
e Remaining amount distributed out of corpus	461,305.			
5 Excess distributions carryover applied to 2012 (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:	3,315,615.			
a Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				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 2007 not applied on line 5 or line 7	720,513.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	2,595,102.			
10 Analysis of line 9:				
a Excess from 2008	527,404.			
b Excess from 2009	543,250.			
c Excess from 2010	724,084.			
d Excess from 2011	339,059.			
e Excess from 2012	461,305.			

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 2012, 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				(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
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.					
3 Subtract line 2d from line 2c. 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 or e-mail 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 Paid during the year				
AMERICAN CANCER SOCIETY P.O. BOX 41912 RALEIGH, NC 27629-1912	N/A	CHARITY	RELAY FOR LIFE/OPERATING FUNDS	5,300.
CAPE FEAR COUNCIL BOY SCOUTS OF AMERICA P.O. BOX 1392 LUMBERTON, NC 28359	N/A	CHARITY	OPERATING FUNDS	5,000.
DOMESTIC VIOLENCE AND RAPE CRISIS CENTER P.O. BOX 12130 LAURINBURG, NC 28353	N/A	CHARITY	OPERATING FUNDS	15,000.
FLORA MACDONALD ACADEMY 200 COLLEGE STREET RED SPRINGS, NC 28377	N/A	CHARITY	OPERATING FUNDS	15,000.
GRACE BAPTIST CHURCH 12940 BLUE WOODS ROAD LAURINBURG, NC 28352	N/A	CHARITY	MISSIONARIES	500.
Total	SEE CONTINUATION SHEET(S)			639,050.
b Approved for future payment				
MONTREAT CONFERENCE CENTER P.O. BOX 969 MONTREAT, NC 28757	N/A	CHARITY	CHALLENGE GRANT F/BO MORGAN YOUTH ENDOWMENT	595,000.
SCOTLAND COUNTY RECREATION FOUNDATION, INC. P.O. BOX 1668 LAURINBURG, NC 28353	N/A	CHARITY	"WALK IN THE PARK" - RECREATION COMPLEX	62,500.
MONTREAT COLLEGE P.O. BOX 1267 MONTREAT, NC 28757	N/A	CHARITY	CHALLENGE GRANT PAYABLE OVER 7 YEARS	850,000.
Total	SEE CONTINUATION SHEET(S)			1,757,250.

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	2,145.	0.		2,145.
TO FORM 990-PF, PG 1, LN 16B	2,145.	0.		2,145.

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	30,719.	30,719.		0.
TO FORM 990-PF, PG 1, LN 16C	30,719.	30,719.		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	1,002.	1,002.		0.
EXCISE TAXES	3,304.	0.		0.
TO FORM 990-PF, PG 1, LN 18	4,306.	1,002.		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	80.	80.		0.
MISCELLANEOUS EXPENSE	045.	0.		0.
TO FORM 990-PF, PG 1, LN 23	3,181.	80.		412.

FORM 990-PF **U.S. AND STATE/CITY GOVERNMENT OBLIGATIONS** **STATEMENT 8**

DESCRIPTION	U.S. GOV'T	OTHER GOV'T	BOOK VALUE	FAIR MARKET VALUE
U.S. GOVERNMENT, AGENCIES, MORTGAGES	X		370,463.	409,504.
TOTAL U.S. GOVERNMENT OBLIGATIONS			370,463.	409,504.
TOTAL STATE AND MUNICIPAL GOVERNMENT OBLIGATIONS				
TOTAL TO FORM 990-PF, PART II, LINE 10A			370,463.	409,504.

FORM 990-PF **CORPORATE STOCK** **STATEMENT 9**

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE STOCKS	1,654,264.	1,955,548.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,654,264.	1,955,548.

FORM 990-PF **CORPORATE BONDS** **STATEMENT 10**

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE & OTHERS	448,639.	474,036.
TOTAL TO FORM 990-PF, PART II, LINE 10C	448,639.	474,036.

FORM 990-PF **OTHER INVESTMENTS** **STATEMENT 11**

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
SPORTS MENAGERIE STADIUM, LLC	COST	242,518.	242,518.
TOTAL TO FORM 990-PF, PART II, LINE 13		242,518.	242,518.

Part XV Supplementary Information**3 Grants and Contributions Paid During the Year (Continuation)**

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
HABITAT FOR HUMANITY 12340 MCCOLL ROAD LAURINBURG, NC 28352	N/A	CHARITY	BIKE TO BUILD	5,000.
HOSPICE OF SCOTLAND COUNTY P.O. BOX 1033 LAURINBURG, NC 28353	N/A	CHARITY	RICHARD L. BYRNE MEMORIAL GOLF TOURNAMENT	5,000.
LAURELFEST P.O. BOX 393 LAUREL HILL, NC 28351	N/A	CHARITY	OPERATING FUNDS	800.
MONROE CAMP & RETREAT CENTER 24501 CAMP ROAD LAUREL HILL, NC 28351	N/A	CHARITY	OPERATING FUNDS	17,500.
MONTREAT COLLEGE P.O. BOX 1267 MONTREAT, NC 28757	N/A	CHARITY	KEYSTONE SCHOLARSHIP FUND/CENTENNIAL CAMPAIGN	160,000.
MONTREAT CONFERENCE CENTER P.O. BOX 969 MONTREAT, NC 28757	N/A	CHARITY	MORGAN YOUTH ENDOWMENT FUND	160,000.
NC PRESBYTERIAN HIGHER EDUCATION MINISTRIES 5700 EXECUTIVE CENTER DRIVE, SUITE 200 CHARLOTTE, NC 28212	N/A	CHARITY	CAMPUS MINISTRIES	30,000.
PRESBYTERY OF COASTAL CAROLINA 807 WEST KING STREET ELIZABETHTOWN, NC 28337	N/A	CHARITY	YOUTH MINISTRIES PROGRAM	20,000.
PROJECT INASMUCH 12560 TURNPIKE ROAD LAURINBURG, NC 28352	N/A	CHARITY	FEEDING PROGRAM FOR POVERTY LEVEL CHILDREN	1,000.
SANDHILLS AREA LAND TRUST 140-A SW BROAD ST, P.O. BOS 1032 PINEHURST, NC 28388	N/A	CHARITY	LAND AND ECOSYSTEM CONSERVATION PROGRAMS	20,000.
Total from continuation sheets				598,250.

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
SANDHILL'S CHILDREN'S CENTER 1280 CENTRAL DRIVE PINEHURST, NC 28388	N/A	CHARITY	CHILD CARE SERVICES/EARLY EDUCATIONAL INTERVENTION FOR YOUNG CHILDREN WITH SEVERE	18,200.
SCOTLAND COUNTY LITERACY COUNCIL P.O. BOX 922 LAURINBURG, NC 28353	N/A	CHARITY	OPERATING FUNDS	7,000.
SCOTLAND COUNTY PARTNERSHIP - SMART START P.O. BOX 586 LAURINBURG, NC 28353	N/A	CHARITY	DAY CARE ASSISTANCE PROGRAM	30,000.
SCOTLAND COUNTY RECREATION FOUNDATION, INC. P.O. BOX 1668 LAURINBURG, NC 28353	N/A	CHARITY	"A WALK IN THE PARK" - SUPPORT TO COMPLETE RECREATION COMPLEX	37,500.
SCOTLAND COUNTY FAMILY COUNSELING CENTER, INC. 1603-A MEDICAL DRIVE LAURINBURG, NC 28352	N/A	CHARITY	FAITH-BASED COUNSELING CENTER	7,500.
SCOTLAND HIGH SCHOOL 1000 WEST CHURCH STREET LAURINBURG, NC 28352	N/A	CHARITY	ATHLETIC PROGRAM	35,000.
SCOTLAND MEMORIAL FOUNDATION, INC. 500 LAUCHWOOD DRIVE LAURINBURG, NC 28352	N/A	CHARITY	CARDIAC CENTER CONSTRUCTION/"PUTTIN ON THE RITZ" FUNDRAISER	25,000.
ST. MARY'S AME ZION CHURCH 8920 OLD WIRE ROAD LAUREL HILL, NC 28351	N/A	CHARITY	BUILDING RENOVATIONS	10,000.
STORYTELLING ARTS CENTER OF THE SOUTHEAST, INC. P.O. BOX 2154 LAURINBURG, NC 28353	N/A	CHARITY	PROVIDING READING SKILLS	8,750.
Total from continuation sheets				

Part XV Supplementary Information

3 Grants and Contributions Approved for Future Payment (Continuation)

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
SCOTLAND HIGH SCHOOL 1000 WEST CHURCH STREET LAURINBURG, NC 28352	N/A	CHARITY	ATHLETIC PROGRAM	20,000.
SCOTLAND COUNTY FAMILY COUNSELING CENTER, INC. 1603-A MEDICAL DRIVE LAURINBURG, NC 28352	N/A	CHARITY	FAITH-BASED COUNSELING CENTER	120,000.
SANDHILLS AREA LAND TRUST 140-A SW BROAD ST, P.O. BOS 1032 PINEHURST, NC 28388	N/A	CHARITY	LAND AND ECOSYSTEM CONSERVATION PROGRAMS	1,000.
SCOTLAND MEMORIAL FOUNDATION, INC. 500 LAUCHWOOD DRIVE LAURINBURG, NC 28352	N/A	CHARITY	CARDIAC UNIT	100,000.
STORYTELLING ARTS CENTER OF THE SOUTHEAST, INC. P.O. BOX 2154 LAURINBURG, NC 28353	N/A	CHARITY	PROVIDING READING SKILLS	8,750.
Total from continuation sheets				249,750.

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

SOURCE	AMOUNT
FIDUCIARY TRUST COMPANY INTL	26,868.
FRANKLIN STREET TRUST COMPANY	6,530.
MERRILL LYNCH	36.
WELLS FARGO	2.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	33,436.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
BLACKROCK INVESTMENTS LLC	12.	0.	12.
FIDELITY BROKERAGE SERVICES LLC	3,229.	0.	3,229.
FIDUCIARY TRUST COMPANY INTL	38,934.	255.	38,679.
FRANKLIN STREET TRUST COMPANY	17,042.	3,077.	13,965.
MERRILL LYNCH	9,050.	817.	8,233.
WELLS FARGO	11,055.	2,737.	8,318.
WELLS FARGO TRUST	620.	0.	620.
TOTAL TO FM 990-PF, PART I, LN 4	79,942.	6,886.	73,056.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
CASH IN LIEU OF DIVIDENDS	72.	72.	
MISCELLANEOUS INCOME - MERRILL LYNCH	4,677.	4,677.	
MISCELLANEOUS INCOME - FRANKLIN STREET TRUST CO	181.	0.	
MISCELLANEOUS INCOME - FIDUCIARY TRUST	3,069.	3,069.	
NONDIVIDEND DISTRIBUTIONS - MERRILL LYNCH	3,906.	0.	
TOTAL TO FORM 990-PF, PART I, LINE 11	11,905.	7,818.	

Application for Extension of Time To File an Exempt Organization Return

▶ **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 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.

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

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 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	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, 2013**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
 ▶ calendar year **2012** 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

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	10,465.
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.	3b	\$	4,465.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System) See instructions.	3c	\$	6,000.

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.