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Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

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

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

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012, or tax year beginning 01-01-2012 , and ending 12-31-2012

Name of foundation
BAILEY ENDOWMENT INC

A Employer identification number
56-1802700

Number and street (or P O box number if mail is not delivered to street address)
PO BOX 208

Room/suite

B Telephone number (see instructions)
(704) 487-8888

City or town, state, and ZIP code
SHELBY, NC 281510208

C If exemption application is pending, check here ☐

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

D 1. Foreign organizations, check here ☐

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 1,393,369

J Accounting method ☐ Cash ☑ Accrual
☐ 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 ☐

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)				
	2	Check ▶ ☑ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	155	155	155	
	4	Dividends and interest from securities	43,833	43,833	43,833	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	37,859			
	b	Gross sales price for all assets on line 6a 563,528				
	7	Capital gain net income (from Part IV, line 2)		37,859		
	8	Net short-term capital gain			14,547	
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)	2,391		2,391	
	12	**Total.** Add lines 1 through 11	84,238	81,847	60,926	
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach schedule)	3,150	175		
	c	Other professional fees (attach schedule)	16,726	16,726		
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	1,883	621		
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	1,292	1,202		
	24	**Total operating and administrative expenses.** Add lines 13 through 23	23,051	18,724		0
	25	Contributions, gifts, grants paid	67,300			67,300
	26	**Total expenses and disbursements.** Add lines 24 and 25	90,351	18,724		67,300
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	-6,113			
	b	**Net investment income** (if negative, enter -0-)		63,123		
	c	**Adjusted net income** (if negative, enter -0-)			60,926	

Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

			Beginning of year (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing			
	2	Savings and temporary cash investments	114,317	100,785	100,785
	3	Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4	Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
	7	Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	11,454	10,192	10,192
	10a	Investments—U S and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)	1,175,566	1,184,729	1,256,868
	c	Investments—corporate bonds (attach schedule)			
	11	Investments—land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	26,006	25,524	25,524
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶			
	15	Other assets (describe ▶)			
	16	**Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	1,327,343	1,321,230	1,393,369
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities** (add lines 17 through 22)		0	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here ▶ ☐ 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 ▶ ☑ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	1,327,343	1,321,230	
	30	**Total net assets or fund balances** (see page 17 of the instructions)	1,327,343	1,321,230	
	31	**Total liabilities and net assets/fund balances** (see page 17 of the instructions)	1,327,343	1,321,230	

Part III **Analysis of Changes in Net Assets or Fund Balances**

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,327,343
2	Enter amount from Part I, line 27a	2	-6,113
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	1,321,230
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	1,321,230

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 Additional Data Table			
b				
c				
d				
e				

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

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

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

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7; If (loss), enter -0- in Part I, line 7 }	2	37,859
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	14,547

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	71,200	1,476,305	0 048229
2010	59,050	1,357,932	0 043485
2009	76,151	1,186,800	0 064165
2008	75,670	1,585,264	0 047733
2007	70,210	1,765,258	0 039773

2	**Total** of line 1, column (d).	2	0 243385
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 048677
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	1,382,432
5	Multiply line 4 by line 3.	5	67,293
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	631
7	Add lines 5 and 6.	7	67,924
8	Enter qualifying distributions from Part XII, line 4.	8	67,300

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 page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1				
	Date of ruling or determination letter ______ **(attach copy of letter if necessary–see instructions)**				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b			1	1,262
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	
3	Add lines 1 and 2			3	1,262
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	1,262
6	Credits/Payments				
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	11,454		
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c			
d	Backup withholding erroneously withheld	6d			
7	Total credits and payments Add lines 6a through 6d			7	11,454
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	10,192
11	Enter the amount of line 10 to be **Credited to 2013 estimated tax** ▶	10,192	**Refunded** ▶	11	

Part VII-A Statements Regarding Activities

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

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		No
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	

Website address ▶N/A

14 The books are in care of ▶HOYT Q BAILEY Telephone no ▶(704) 487-8888

Located at ▶415 POLKVILLE ROAD SHELBY NC ZIP+4 ▶28150

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 |

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?	16		No

See instructions for exceptions and filing requirements for Form TD F 90-22 1 If "Yes", enter the name of the foreign country ▶

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

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

			Yes	No
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days). ☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?	1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1c		
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ Yes ☑ No			
	If "Yes," list the years ▶ 20____ , 20____ , 20____ , 20____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions)	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20____ , 20____ , 20____ , 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 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.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
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		No

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

5a	During the year did the foundation pay or incur any amount to			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☑ No			
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☑ No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☑ No			
	(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☑ No			
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No			
b	If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)?	**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? ☐ 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**		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?	**7b**		

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

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

(a) Name and address	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation **(If not paid, enter -0-)**	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
HOYT G TESSNER 2105 PRESCOTT PLACE RALEIGH, NC 27615	PRESIDENT 2 00	0	0	0
MELANIE KNIGHT 4017 LAKE POINT CIRCLE RALEIGH, NC 27606	VP 1 00	0	0	0
CYNTHIA BUCKINGHAM 7540 DRAYTON COURT RALEIGH, NC 27615	VP 1 00	0	0	0
HOYT Q BAILEY 27 E RANDOLPH ST SHELBY, NC 28150	DIRECTOR 4 00	0	0	0

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

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

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

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

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

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

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

Part IX-A **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1	
2	
3	
4	

Part IX-B **Summary of Program-Related Investments** (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments See page 24 of the instructions	
3	
Total. Add lines 1 through 3. . . . . ▶	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities	1a	1,258,928
b	Average of monthly cash balances	1b	107,337
c	Fair market value of all other assets (see instructions)	1c	37,219
d	**Total** (add lines 1a, b, and c)	1d	1,403,484
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	1,403,484
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	21,052
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,382,432
6	**Minimum investment return.** Enter 5% of line 5	6	69,122

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	69,122
2a	Tax on investment income for 2012 from Part VI, line 5	2a	1,262		
b	Income tax for 2012 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	1,262
3	Distributable amount before adjustments Subtract line 2c from line 1			3	67,860
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	67,860
6	Deduction from distributable amount (see instructions)			6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1			7	67,860

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	67,300
b	Program-related investments—total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	67,300
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	67,300

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				67,860
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.			67,951	
b Total for prior years 20___, 20___, 20___				
3 Excess distributions carryover, if any, to 2012				
a From 2007.				
b From 2008.				
c From 2009.				
d From 2010.				
e From 2011.				
f **Total** of lines 3a through e.				
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ $ 67,300				
a Applied to 2011, but not more than line 2a			67,300	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2012 distributable amount.				
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount —see instructions				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions			651	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				67,860
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions) . . .				
9 **Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a				
10 Analysis of line 9				
a Excess from 2008. . . .				
b Excess from 2009. . . .				
c Excess from 2010. . . .				
d Excess from 2011. . . .				
e Excess from 2012. . . .				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed. . .					
c "Support" alternative test—enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii). . . .					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization 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))

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

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

HOYT Q BAILEY
PO BOX 208
SHELBY, NC 281810208
(704) 487-8888

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

APPLICATIONS MUST BE WRITTEN, MUST INCLUDE EVIDENCE THAT THE RECEPIENT IS AN EXEMPT CHARTIABLE ORGANIZATION AND FACTS TO SUPPORT THE NEED

c Any submission deadlines

NONE

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

NONE

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year* See Additional Data Table				
Total . . . . ▶ **3a**				67,300
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	155	
4 Dividends and interest from securities			14	43,833	
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			14	37,859	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue a BELMONT 1 - US 321/74 BYPASS			16	11	
b FIFTH THIRD INVESTMENT ACCT			14	2,380	
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)				84,238	

13 Total. Add line 12, columns (b), (d), and (e) . . . 13 84,238

(See worksheet in line 13 instructions to verify calculations)

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

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

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

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

		Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash.	1a(1)		No
(2) Other assets.	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)		No
(3) Rental of facilities, equipment, or other assets.	1b(3)		No
(4) Reimbursement arrangements.	1b(4)		No
(5) Loans or loan guarantees.	1b(5)		No
(6) Performance of services or membership or fundraising solicitations.	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c		No

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

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

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

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

****** | 2013-07-26 | ******

Signature of officer or trustee | Date | Title

May the IRS discuss this return with the preparer shown below (see instr)? ☐ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
WESLEY E SMITH	WESLEY E SMITH	2013-08-13		

Firm's name ▶ MOYER SMITH & ROLLER PA CPA'S

Firm's EIN ▶

Firm's address ▶ 7229 ALBEMARLE ROAD SUITE A CHARLOTTE, NC 28227

Phone no (704) 566-0222

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
ABBOT LABS	P	2011-09-16	2012-08-08
DODGE & COX INCOME FUND	P	2011-09-15	2012-07-30
KIMBALL INTL INC CLASS B	P	2011-09-16	2012-09-10
PHILIP MORRIS INTL INC	P	2011-09-16	2012-02-08
YUMI BRANDS INC COMMON STOCK	P	2012-10-19	2012-11-30
UNILEVER N V NEW YORK SHS NEW	P	2008-03-20	2012-07-26
AMERICAN INT'L GROUP, INC	P	2012-09-10	2012-09-25
DODGE & COX INCOME FUND	P	2011-09-15	2012-08-24
KIMBALL INTL INC CLASS B	P	2011-09-16	2012-09-10
PIMCO LOW DURATION FUND	P	2011-09-15	2012-07-30
APPACHE CORP COM	P	2011-10-27	2012-11-02
VANGUARD REIT ETF	P	2011-09-15	2012-11-27
AMERICAN INT'L GROUP, INC	P	2012-08-08	2012-09-25
EUROPACIFIC GROWTH FUND CL F-2	P	2011-09-15	2012-07-30
KIMBALL INTL INC CLASS B	P	2011-09-16	2012-09-10
PLUM CREEK TIMBER CO INC	P	2011-09-16	2012-09-07
APPACHE CORP COM	P	2011-09-16	2012-11-02
YUMI BRANDS INC COMMON STOCK	P	2011-09-16	2012-11-30
AMERIPRISE FINANCIAL, INC	P	2011-09-16	2012-05-11
FEDEX CORP	P	2011-09-16	2012-04-04
KOHLS CORP	P	2011-09-16	2012-05-02
PLUM CREEK TIMBER CO INC	P	2011-09-16	2012-09-10
CNO FINL GROUP INC	P	2011-10-27	2012-11-08
ANHEUSER BUSCH	P	2011-09-16	2012-09-05
FEDEX CORP	P	2011-09-16	2012-06-13
LORD ABBETT BOND DEBENTURE FUND A	P	2011-09-15	2012-07-30
PNC BANK	P	2011-09-16	2012-08-08
CNO FINL GROUP INC	P	2011-10-27	2012-11-08
ASG MANAGED FUTURES	P	2011-09-20	2012-07-11
JP MORGAN CHASE & CO	P	2011-10-27	2012-05-11

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
LORD ABBETT BOND DEBENTURE FUND A	P	2011-09-15	2012-08-22
ROGERS COMMUNICATIONS INC CL B	P	2011-09-16	2012-04-25
CNO FINL GROUP INC	P	2011-09-16	2012-11-08
BARD C R, INC	P	2011-09-16	2012-07-26
JP MORGAN CHASE & CO	P	2011-10-27	2012-05-11
MARVELL TECHNOLOGY GROUP	P	2011-09-16	2012-08-20
SLM CORP COMMON STOCK	P	2011-11-21	2012-11-19
COMCAST CORP CL A	P	2011-09-16	2012-10-02
BLACKROCK INFL PROT BD - A	P	2011-09-15	2012-07-30
JP MORGAN CHASE & CO	P	2011-09-16	2012-05-11
MCDONALDS CORP	P	2012-09-05	2012-10-19
SPECTRA ENERGY CORP	P	2011-09-16	2012-04-18
DODGE & COX INCOME FUND	P	2011-09-15	2012-11-27
CENTURYTEL, INC	P	2012-05-11	2012-11-30
JOY GLOBAL, INC	P	2011-10-27	2012-08-24
MDU RES GROUP, INC	P	2011-09-16	2012-02-01
STARBUCKS CORP	P	2011-09-16	2012-07-27
EXXON MOBIL CORPORATION	P	2011-02-23	2012-04-04
CHIMERA INVT CORP	P	2011-09-16	2012-09-07
JOY GLOBAL, INC	P	2011-09-16	2012-08-24
MDU RES GROUP, INC	P	2011-09-16	2012-02-02
TELECOM CORP NEW ZEALAND LTD SPONSOR	P	2011-09-16	2012-06-29
ISHARES TRUST S&P 400 MIDCAP ETF	P	2011-09-15	2012-10-12
CHORUS LTD SPONSORED ADR	P	2011-09-16	2012-02-08
JP MORGAN CHASE & CO ALERIAN MLP IND	P	2011-09-16	2012-02-07
MEDCO HEALTH SOLUTIONS	P	2011-09-16	2012-03-09
TELEFONICA BRASIL SA SPONSORED ADR	P	2011-09-16	2012-02-07
JP MORGAN CHASE & CO ALERIAN MLP IND	P	2011-09-16	2012-10-09
COMCAST CORP CL A	P	2011-09-16	2012-08-15
JP MORGAN CHASE & CO ALERIAN MLP IND	P	2012-06-28	2012-10-09

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

(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)
MOODYS CORP COMMON	P	2011-10-27	2012-07-26
VANGUARD REIT ETF	P	2011-09-15	2012-08-22
JP MORGAN CHASE & CO ALERIAN MLP IND	P	2011-09-16	2012-10-10
DEERE & CO	P	2011-12-06	2012-08-15
KELLOGG CO	P	2011-09-16	2012-04-26
NATIONAL HEALTH INVS INC	P	2011-09-16	2012-02-07
WALTERS INDS INC	P	2011-09-16	2012-07-06
KRAFT FOODS GROUP INC	P	2011-09-16	2012-10-18
DEERE & CO	P	2011-12-06	2012-08-15
KELLOGG CO	P	2011-09-16	2012-04-26
NATIONAL-OILWELL INC COM	P	2011-09-16	2012-02-26
WELLPOINT INC	P	2011-09-16	2012-08-08
LORD ABBETT BOND DEBENTURE FUND A	P	2011-09-15	2012-10-12
DIGITAL REALTY TR, INC	P	2011-10-19	2012-02-07
KIMBALL INTL INC CLASS B	P	2011-09-16	2012-09-07
NAVISTAR INTL CORP NEW COM	P	2012-04-04	2012-07-06
WELLS FARGO COMPANY	P	2012-05-11	2012-10-17
MONDELEZ INTL INC COM	P	2011-09-16	2012-10-09

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
6,338		4,956	1,382
54,356		52,979	1,377
2,266		937	1,329
5,713		5,099	614
1,888		1,965	-77
1,470		1,403	67
1,486		1,481	5
15,150		14,766	384
2,117		874	1,243
37,513		36,910	603
1,633		2,013	-380
22,266		19,538	2,728
1,284		1,224	60
36,607		35,645	962
142		59	83
2,843		2,560	283
1,469		1,765	-296
6,337		5,078	1,259
3,244		2,904	340
1,355		1,153	202
3,123		2,984	139
2,013		1,818	195
970		734	236
1,465		886	579
3,537		3,150	387
37,865		36,238	1,627
5,468		4,679	789
428		313	115
12,653		14,533	-1,880
851		841	10

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
10,146		9,637	509
2,600		2,729	-129
3,968		2,788	1,180
2,745		2,563	182
333		325	8
2,831		4,172	-1,341
3,295		2,448	847
5,907		3,770	2,137
64,571		61,460	3,111
5,328		4,926	402
5,590		5,624	-34
2,700		2,339	361
7,109		6,865	244
4,021		4,137	-116
1,112		1,850	-738
2,765		2,717	48
5,425		4,543	882
2,710		2,859	-149
2,236		2,614	-378
2,002		2,961	-959
1,897		1,874	23
3,128		2,741	387
55,280		48,773	6,507
920		844	76
361		318	43
3,022		2,196	826
305		328	-23
2,760		2,364	396
1,191		800	391
947		864	83

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(e) Gross sales price	**(f)** Depreciation allowed (or allowable)	**(g)** Cost or other basis plus expense of sale	**(h)** Gain or (loss) (e) plus (f) minus (g)
1,612		1,454	158
10,903		9,237	1,666
21,712		18,774	2,938
1,957		2,046	-89
2,821		3,017	-196
300		281	19
1,766		3,530	-1,764
31		24	7
527		548	-21
1,710		1,832	-122
2,004		1,857	147
2,363		2,833	-470
16,726		15,670	1,056
354		294	60
1,472		610	862
1,894		2,911	-1,017
5,723		5,506	217
3,986		3,331	655

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			**(l)** Gains (Col (h) gain minus col (k), but not less than -0-) **or** Losses (from col (h))
(i) F M V as of 12/31/69	**(j)** Adjusted basis as of 12/31/69	**(k)** Excess of col (i) over col (j), if any	
			1,382
			1,377
			1,329
			614
			-77
			67
			5
			384
			1,243
			603
			-380
			2,728
			60
			962
			83
			283
			-296
			1,259
			340
			202
			139
			195
			236
			579
			387
			1,627
			789
			115
			-1,880
			10

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

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	
			509
			-129
			1,180
			182
			8
			-1,341
			847
			2,137
			3,111
			402
			-34
			361
			244
			-116
			-738
			48
			882
			-149
			-378
			-959
			23
			387
			6,507
			76
			43
			826
			-23
			396
			391
			83

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

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	
			158
			1,666
			2,938
			-89
			-196
			19
			-1,764
			7
			-21
			-122
			147
			-470
			1,056
			60
			862
			-1,017
			217
			655

Form 990PF Part XV Line 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*				
ROTARY CLUB OF SHELBY FOUNDATION PO BOX 2861 SHELBY, NC 28151		501(C)3	CHILDRENS PROGRAMS	800
AMERICAN STUDIES CENTER PO BOX 96848 WASHINGTON, DC 20090		501(C)3	FREEDOM OF SPEECH	100
SPECIAL OLYMPICS 2200 GATEWAY CENTRE BLVD MORRISVILLE, NC 27560		501(C)3	HANDICAPPED	50
FREETOM CENTER PO BOX 130707 HOUSTON, TX 77219		501(C)3	FREEDOM OF SPEECH	140
HOSPICE OF CLEVELAND COUNTY WENDOVER DRIVE SHELBY, NC 28150		501(C)3	ONGOING PROGRAM	100
NC STATE UNIVERSITY SCHOLARSHIP PRO PO BOX 7302 RALEIGH, NC 27695		501(C)3	STUDENT ASSISTANCE	2,000
MEDIA RESEARCH CENTER PO BOX 97040 WASHINGTON, DC 20090		501(C)3	MEDIA RESEARCH	100
JUDICAL WATCH 425 3RD ST SW WASHINGTON, DC 20024		501(C)3	HONESTY IN ELECTIONS	100
FEED THE CHILDREN PO BOX 36 OKLAHOMA CITY, OK 73101		501(C)3	FEED THE POOR	50
ALLIANCE DEFENSE FUND 15100 90TH STREET SCOTTSDALE, AZ 85260		501(C)3	DEFENSE OF FREEDOM	100
FIRST BAPTIST CHURCH 120 N LAFAYETTE STREET SHELBY, NC 28150		501(C)3	MEMORIAL GIFT	200
NC SHERIFFS ASSOC PO BOX 20049 RALEIGH, NC 27690		501(C)3	PROGRAM	100
NC STATE STUDENT AID ASSN PO BOX 37100 RALEIGH, NC 27627		501(C)3	ONGOING PROGRAM	11,250
KINGS MTN FAMILY YMCA 211 CLEVELAND AVE KINGS MOUNTAIN, NC 28086		501(C)3	PROGRAM	100
WORD OF FAITH MINISTRY 207 OLD FLYN RD SPINDALE, NC 28160		501(C)3	ONGOING PROGRAM	100

Form 990PF Part XV Line 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*				
LAFAYETTE STREET UMC 1420 LAFAYETTE ST SHELBY, NC 28150		501(C)3	MISSIONS	100
BURNS HIGH SCHOOL 307 E STAGEWACH RD LAWNDALE, NC 28090		501(C)3	SCHOLARSHIP FUND	500
ENLOE HIGH SCHOOL BAND BOOSTERS 3105 HIKING TRAIL RALEIGH, NC 27615		501(C)3	INSTRUMENTS	1,400
AMERICAN CONSERVATIVE UNION PO BOX 96090 WASHINGTON, DC 20090		501(C)3	PROGRAM	100
ARBOR DAY FOUNDATION 100 ARBOR AVE NEBRASKA CITY, NE 68410		501(C)3	PROGRAM	100
SENIOR CENTER 100 TR HARRIS DRIVE SHELBY, NC 28150		501(C)3	SENIOR PROGRAM	100
CLEVELAND COUNTY RESCUE MISSION PO BOX 1272 SHELBY, NC 28151		501(C)3	PROGRAM	100
AMERICAN FAMILY ASSN DRAWER 2440 TUPELO, MS 38803		501(C)3	PROGRAM	300
PARALYZED VETERANS OF AMERICA 7 MILL BROOK RD WILTON, NH 03086		501(C)3	VETERANS PROGRAMS	200
GODS WORD TO THE NATION PO BOX 400 ORANGE PARK, FL 32067		501(C)3	GODS WORD	50
MISSIONARY O'BLATES PO BOX 23600 BELLEVILLE, IL 62223		501(C)3	HEALING	50
CLEVELAND COUNTY YOUNG LIFE PO BOX 1757 SHELBY, NC 28151		501(C)3	YOUTH WORK	200
SPCA INTERNATIONAL PO BOX 92240 WASHINGTON, DC 20077		501(C)3	ANIMAL SAFETY	50
CLEVELAND COUNTY HUMANE SOCIETY 1609 E MARION ST SHELBY, NC 28150		501(C)3	ANIMALS	2,500
NOAH'S ARK WILDLIFE CENTER INC PO BOX 136 SANDY RIDGE, NC 27046		501(C)3	CARE OF WILDLIFE	1,000

Form 990PF Part XV Line 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*				
NAACP 108 W WAREN ST SHELBY, NC 28150		501(C)3	OPERATIONS	2,500
EMPTY STOCKING FUND 315 E GRAHAM ST SHELBY, NC 28150		501(C)3	THE NEEDY	8,000
TEXAS STATE UNIVERSITY 601 UNIVERSITY DRIVE SAN MARCOS, TX 78666		501(C)3	SCHOLARSHIPS	10,000
ST JOSEPH'S INDIAN SCHOOL 1301 N MAIN ST CHAMBERLAIN, SD 57326		501(C)3	OPERATIONS	100
BROTHERS IN CHRIST OUTREACH MINISTR PO BOX 1264 SHELBY, NC 28151		501(C)3	NEEDY	5,000
RURAL EXPERIANCES OFR YOUTH 4 SUMTER ST SHELBY, NC 28150		501(C)3	BOYS CLUB KIDS	1,000
CREST HIGH SCHOOL FFA 800 OLD BURLING SPA ROAD SHELBY, NC 28152		501(C)3	FUTURE FARMERS OF AMERICA	1,500
THE NAVIGATORS PO BOX 6000 COLORADO SPRINGS, CO 80934		501(C)3	ONGOING PROGRAM	100
AMERICAN BIBLE SOCIETY PO BOX 96812 WASHINGTON, DC 20090		501(C)3	OPERATIONS	100
SAINT COLUMBIA CHURCH 5307 N PALM STREET FRESNO, CA 93704		501(C)3	MEMORIAL GIFT	500
FIRST BAPTIST CHURCH OF LAWNDALE NC 129 DOUGLAS STREET LAWNDALE, NC 28090		501(C)3	THE NEEDY	1,500
REV K RAY HILL MINISTRIES PO BOX 25442 RALEIGH, NC 27611		501(C)3	MINISTRY OPERATIONS	5,000
THE SALVATION ARMY PO BOX 76464 SHELBY, NC 28151		501(C)3	THE NEEDY	1,000
WILDLIFE WELFARE INC PO BOX 19432 RALEIGH, NC 27619		501(C)3	ANIMAL CARE	1,000
HELPING HANDS MISSION 623 ROCK QUARY ROAD RALEIGH, NC 27610		501(C)3	NEEDY	1,000

Form 990PF Part XV Line 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*				
INTERFAITH FOOD SHUTTLE PO BOX 14638 RALEIGH,NC 27620		501(C)3	FOOD FOR NEEDY	1,000
PENLAND SCHOOL OF CRAFTS PO BOX 37 PENLAND,NC 28765		501(C)3	ANNUAL GIVING	500
PIEDMONT COUNCIL BOY SCOUTS OF AMER PO BOX 1059 GASTONIA,NC 28053		501(C)3	ANNUAL DRIVE	2,000
BOYS & GIRLS CLUB OF CLEVELAND COUN PO BOX 2001 SHELBY,NC 28151		501(C)3	PROGRAM	460
WORLD WAR II VETERANS CONFERENCE PO BOX 96543 WASHINGTON,DC 20090		501(C)3	EXPENSES	200
NC STATE SCHOOL OF TEXTILES CAMPUS BOX 7474 RALEIGH,NC 27695		501(C)3	SCHOLARSHIPS	2,500
ADOPT A PLATOON PO BOX 5038 HAGESTOWN,MD 21741		501(C)3	OUR TROOPS	200
RADIO AMERICA PO BOX 26848 WASHINGTON,DC 20077		501(C)3	EQUAL REPORTING	100
Total . . . . ▶ **3a**				67,300

TY 2012 Accounting Fees Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
TAX PREPARATION FEES	3,150	175		

TY 2012 Compensation Explanation

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Person Name	Explanation
HOYT G TESSNER	
MELANIE KNIGHT	
CYNTHIA BUCKINGHAM	
HOYT Q BAILEY	

TY 2012 Investments Corporate Stock Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Name of Stock	End of Year Book Value	End of Year Fair Market Value
DODGE & COX INCOME FD	109,632	112,890
GLOBAL X FDS GLB X CDA PFD	2,833	2,784
LORD ABBETT BD DEB FD		
MFS GOVT MKTS INCOME TR	3,320	3,309
PIMCO TOTAL RETURN FUND	95,012	93,270
PIMCO LOW DURATION FUND		
OPPENHEIMER INTL BD FD CL Y	20,539	20,602
TWC FDS INC	20,556	20,579
HOTCHKIS & WILEY FUNDS	54,506	56,479
BLACKROCK INFL PROT BD		
ISHARES S&P PFD STK INDX FN	34,192	34,786
MARVELL TECHNOLOGY GROUP		
NOBLE CORP	2,578	2,437
AFLAC INC	2,772	2,868
AT&T INC	4,898	5,731
ABBOTT LABS		
AGILENT TECHNOLOGIES, INC.	2,798	2,825
AMERICAN INTL GROUP INC	8,559	9,107
AMERIPRISE FINANCIAL, INC.		
APACHE CORP		
APPLE INC	7,968	10,643
BOEING CO	4,241	4,446
BARD C R INC		
BRISTOL MYERS SQUIBB CO	6,983	7,039
CAPITAL ONE FINL CORP	3,707	4,808
CENTURYTEL INC	4,829	5,633
CHEVRON CORP	5,781	6,272
COACH INC	5,700	4,274
COCA COLA CO	5,286	5,365
COMCAST CORP		

Name of Stock	End of Year Book Value	End of Year Fair Market Value
DANAHER CORP	5,752	5,814
DEERE & CO		
DU PONT E I DE NEMOURS & CO	6,952	6,612
EATON VANCE TAX MAN GLBL BR	4,326	4,276
EXXON MOBIL CORP		
FEDEX CORP		
GENERAL ELECTRIC CO	2,786	2,834
GENUINE PARTS CO	6,657	7,757
GILEAD SCIENCES INC	4,936	8,961
GOOGLE INC	6,549	8,489
HONEYWELL INTL INC	13,464	15,360
IBM	6,833	7,662
JP MORGAN CHASE & CO	5,728	6,024
KELLOGG CO		
KIMBERLY CLARK CORP	8,458	10,300
KOHLS CORP		
KRAFT FOODS INC	1,763	2,183
LOCKHEED MARTIN CORP	5,137	6,276
LORILLARD INC	7,872	7,934
MASTERCARD INC	6,988	9,826
MCKESSON CORP	3,206	4,072
MEDCO HEALTH SOLUTIONS INC		
MEDTRONIC INC	4,594	5,415
MERCK & CO INC	5,360	6,632
MICROSOFT CORP	3,288	2,885
MONDELEZ INTL INC	2,761	2,723
MOODYS CORP	3,439	5,233
MYLAN INC	4,802	6,368
NATIONAL-OILWELL INC	3,846	3,964
NORFOLK SOUTHERN CORP	5,632	4,947

Name of Stock	End of Year Book Value	End of Year Fair Market Value
NORTHEAST UTILS	2,712	3,009
OCCIDENTAL PETE CORP	8,475	7,431
ORACLE CORP	3,670	4,198
PNC FINANCIAL SERVICES GROUP		
PFIZER INC	7,356	9,154
PHILIP MORRIS INTL INC		
RAYTHEON CO	5,141	7,022
SBA COMMUNICATIONS CORP	2,829	2,910
SLM CORP		
SANDISK CORP	4,386	4,437
SCHLUMBERGER LTD	6,395	5,960
SPECTRA ENERGY CORP		
STARBUCKS CORP		
TJX COS INC NEW	2,770	2,674
TORTOISE ENERGY INFRASTRUCTURE CORP	20,737	21,451
UNITEDHEALTH GROUP	4,188	4,339
VERIZON COMMUNICATIONS	4,013	4,457
WALGREEN CO	5,611	5,959
WELLPOINT INC		
YUM BRANDS INC		
ALLIANT CORP	6,742	7,377
AMERICAN CAP LTD	5,561	5,710
ATMEL CORP	4,681	2,974
CNO FINL GROUP INC		
EAST WEST BANCORP INC	4,685	5,888
F5 NETWORKS INC	3,902	4,177
GATX CORP	5,755	6,928
HERCULES TECHNOLOGY GROWTH	4,441	5,187
ISHARES CORE S&P MIDCAP ETF	13,428	15,764
ISHARES S&P MIDCAP 400		

Name of Stock	End of Year Book Value	End of Year Fair Market Value
JOY GLOBAL INC		
KIMBALL INTL INC		
MDU RES GROUP INC		
MICROCHIP TECHNOLOGY INC	8,388	7,919
OLIN CORP	8,822	9,651
PACKAGING CORP OF AMERICA	6,989	10,002
PULTE GROUP INC	3,631	3,541
ROCKWOOD HLDGS INC	4,843	4,748
T ROWE PRICE SMALL CAP	37,350	39,169
TUPPERWARE BRANDS CORPORATION	6,222	6,410
WALTER ENERGY INC		
WINDSTREAM CORP	5,504	3,511
ALLIED WORLD ASSURANCE ADR	7,104	7,092
ANHEUSER BUSCH INBEV	3,388	5,682
CHORUS LTD		
EUROPACIFIC GROWTH FD	39,390	44,154
ROGERS COMMUNICATIONS INC		
TELECOM CORP NEW ZEALAND LTD		
UNILEVER	3,948	4,634
BANCO LATINOAMERICAN DE COMERCIO EXT	5,841	7,266
OPPENHEIMER DVLPING MKTS	49,802	55,006
TELEFONICA BRASIL	7,120	5,750
ALERIAN MLP ETF	25,014	23,765
POWERSHARES EXCHANGE-TRADED FD	7,357	7,369
ABSOLUTE STRATEGIES FUND-I	54,513	53,594
MAINSTAY FDS TR	32,306	32,615
JPMORGAN CHASE & CO ALERIAN MLP INDE		
ASG MANAGED FUTURES STRAG FD		
PIMCO ALL ASSET ALL AUTH FUND	60,827	63,579
AQR FDS RISK PARITY FD CL I	53,475	53,509

Name of Stock	End of Year Book Value	End of Year Fair Market Value
AMERICAN CAMPUS CMNTYS INC	6,323	7,381
AMERICAN CAP AGY CORP	3,649	3,526
ANNALY CAPITAL MANAGEMENT INC	4,310	3,370
CHIMERA INVT CORP		
DIGITAL RLTY TR INC	6,293	7,264
HOSPITALITY PPTYS TR	6,395	6,604
LTC PPTYS INC	4,780	6,053
NATIONAL HEALTH INVS INC	6,267	7,575
OMEGA HEALTHCARE INVS INC	6,277	9,015
PLUM CREEK TIMBER CO INC		
RAYONIER INC	6,438	8,396
REALTY INCOME CORP	3,673	4,262
VANGUARD REIT ETF	33,193	38,756

TY 2012 Investments - Other Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
US 321 BYPASS LLC	AT COST	25,524	25,524

TY 2012 Other Expenses Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXPENSES				
MISCELLANEOUS EXPENSE FROM K-	153	153		
MISCELLANEOUS EXPENSE	1,049	1,049		
POSTAGE	90			

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TY 2012 Other Income Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
BELMONT 1 - US 321/74 BYPASS	11		11
FIFTH THIRD INVESTMENT ACCT	2,380		2,380

TY 2012 Other Professional Fees Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
BROKERAGE FEES	16,726	16,726		

TY 2012 Taxes Schedule

Name: BAILEY ENDOWMENT INC

EIN: 56-1802700

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
EXCISE TAX	1,262			
FOREIGN TAX	281	281		
PROPERTY TAX FROM K-1	340	340		