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Return of Private Foundation

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

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► Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

For calendar year 2013 or tax year beginning

, and ending

Name of foundation

THE KGR FOUNDATION, INC.

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

528 N. MAIN STREET

A Employer identification number

56-1852393

City or town, state or province, country, and ZIP or foreign postal code

WAKE FOREST, NC 27587

Room/suite

G Check all that apply: Initial return Initial return of a former public charity
 Final return Amended return
 Address change Name changeB Telephone number ►

(919) 219-7281

H Check type of organization: Section 501(c)(3) exempt private foundation Section 4947(a)(1) nonexempt charitable trust Other taxable private foundationC If exemption application is pending, check here ► I Fair market value of all assets at end of year **► \$ 1,254,410.** (Part I, column (d) must be on cash basis.) J Accounting method: Cash Accrual
(from Part II, col. (c), line 16) Other (specify) _____D 1. Foreign organizations, check here ► 2. Foreign organizations meeting the 85% test, check here and attach computation ► E If private foundation status was terminated under section 507(b)(1)(A), check here ► 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))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
	1 Contributions, gifts, grants, etc., received			N/A	
	2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	13.	13.		Statement 1
	4 Dividends and interest from securities	29,555.	29,555.		Statement 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	65,141.			
	Gross sales price for all assets on line 6a	141,457.			
	7 Capital gain net income (from Part IV, line 2)		65,141.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 Total. Add lines 1 through 11	94,709.	94,709.		
	13 Compensation of officers, directors, trustees, etc	0.	0.	0.	
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees Stmt 3	2,962.	2,962.	0.	
	b Accounting fees Stmt 4	1,500.	1,500.	0.	
	c Other professional fees Stmt 5	6,139.	6,139.	0.	
	17 Interest Stmt 6	428	RECEIVED 428.		
	18 Taxes				0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses				
	24 Total operating and administrative expenses. Add lines 13 through 23	11,029.	11,029.	0.	
	25 Contributions, gifts, grants paid	41,389.		41,389.	
	26 Total expenses and disbursements Add lines 24 and 25	52,418.	11,029.	41,389.	
	27 Subtract line 26 from line 12:	42,291.			
	a Excess of revenue over expenses and disbursements				
	b Net investment income (if negative, enter -0-)		83,680.		
	c Adjusted net income (if negative, enter -0-)			N/A	

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
1	Cash - non-interest-bearing			
2	Savings and temporary cash investments		50,983.	14,959.
3	Accounts receivable ►			
	Less: allowance for doubtful accounts ►			
4	Pledges receivable ►			
	Less: allowance for doubtful accounts ►			
5	Grants receivable			
6	Receivables due from officers, directors, trustees, and other disqualified persons			
7	Other notes and loans receivable ►			
	Less: allowance for doubtful accounts ►			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges			
10a	Investments - U.S. and state government obligations			
b	Investments - corporate stock	Stmt 7	967,880.	1,239,451.
c	Investments - corporate bonds			
11	Investments - land, buildings, and equipment basis ►			
	Less accumulated depreciation ►			
12	Investments - mortgage loans			
13	Investments - other			
14	Land, buildings, and equipment: basis ►			
	Less accumulated depreciation ►			
15	Other assets (describe ►)			
16	Total assets (to be completed by all filers - see the instructions. Also, see page 1, item 1)		1,018,863.	1,254,410.
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.
24	Foundations that follow SFAS 117, check here ► <input type="checkbox"/>			
	and complete lines 24 through 26 and lines 30 and 31			
25	Unrestricted			
26	Temporarily restricted			
27	Permanently restricted			
28	Foundations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/>			
	and complete lines 27 through 31			
29	Capital stock, trust principal, or current funds		1,018,863.	1,254,410.
30	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.
31	Retained earnings, accumulated income, endowment, or other funds		0.	0.
32	Total net assets or fund balances		1,018,863.	1,254,410.
33	Total liabilities and net assets/fund balances		1,018,863.	1,254,410.

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	1,018,863.
2	Enter amount from Part I, line 27a	2	42,291.
3	Other increases not included in line 2 (itemize) ► <u>INCREASE IN THE FMV OF ASSETS</u>	3	193,256.
4	Add lines 1, 2, and 3	4	1,254,410.
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	1,254,410.

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 300 SHS WHIRLPOOL			P	04/23/12	03/07/13
b 500 SHS CHEVRON			P	01/31/94	11/13/13
c 900 SHS ORACLE			P	05/11/10	11/13/13
d 400 SHS TEVA PHARMACEUTICAL			P	05/11/10	11/13/13
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 35,276.		19,831.	15,445.		
b 59,809.		10,960.	48,849.		
c 31,272.		22,072.	9,200.		
d 15,100.		23,453.	<8,353.>		
e					
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) 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			15,445.		
b			48,849.		
c			9,200.		
d			<8,353.>		
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		65,141.
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))
2012	19,165.	980,693.	.019542
2011	7,669.	926,748.	.008275
2010	15,903.	234,070.	.067941
2009	9,823.	226,393.	.043389
2008	43,143.	280,428.	.153847
2 Total of line 1, column (d)			.292994
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			.058599
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5			1,148,601.
5 Multiply line 4 by line 3			67,307.
6 Enter 1% of net investment income (1% of Part I, line 27b)			837.
7 Add lines 5 and 6			68,144.
8 Enter qualifying distributions from Part XII, line 4			41,389.

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)	1	1,674.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1%			
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-)			
3 Add lines 1 and 2	2	0.	
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	3	1,674.	
5 Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	4	0.	
6 Credits/Payments:	5	1,674.	
a 2013 estimated tax payments and 2012 overpayment credited to 2013	6a		
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	0.	
8 Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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	1,674.	
10 Overpayment If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10		
11 Enter the amount of line 10 to be: Credited to 2014 estimated tax ►	11		
	Refunded		

Part VII-A Statements Regarding Activities

	Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a	X
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for the 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>	1b	X
c Did the foundation file Form 1120-POL for this year?	1c	X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ _____ 0. (2) On foundation managers. ► \$ _____ 0.		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____ 0.		
2 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>	2	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>	3	X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year? b If "Yes," has it filed a tax return on Form 990-T for this year?	4a	X
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>	4b	
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?	5	X
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>	6	X
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ► _____ NC	7	X
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 <i>General Instruction G</i> ? <i>If "No," attach explanation</i>	8b	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 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV</i>	9	X
10 Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses</i>	10	X

Part VII-A Statements Regarding Activities (continued)

11		X
12		X
13	X	
14 The books are in care of ► <u>GEORGE C. MACKIE, JR.</u> Telephone no. ► <u>(919) 219-7281</u> Located at ► <u>528 NORTH MAIN STREET, WAKE FOREST, NC</u> ZIP+4 ► <u>27587</u>		
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ► <u>15</u> N/A		
16	Yes	No
See the 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.		
1a	Yes	No
(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 <u>any</u> 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 ► <u>N/A</u>	
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 2013? <u>1c</u> 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)): <u>2a</u>	
a	At the end of tax year 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years ► <u>2b</u>	
b	Are there any years listed in 2a for which the foundation is <u>not</u> 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 <u>all</u> years listed, answer "No" and attach statement - see instructions.) <u>2c</u>	
c	If the provisions of section 4942(a)(2) are being applied to <u>any</u> of the years listed in 2a, list the years here. ► <u>2d</u>	
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 2013 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 2013) <u>3b</u>	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? <u>4a</u> 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 2013? <u>4b</u> 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))?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	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)?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	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?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?			N/A	5b	
Organizations relying on a current notice regarding disaster assistance check here			<input type="checkbox"/>		
c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	N/A	<input type="checkbox"/>	Yes	<input type="checkbox"/>	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?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
If "Yes" to 6b, file Form 8870			6b	X	
7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	
b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
				7b	

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
JAMES MACKIE HAVERFORD, PA	VICE PRES 0.00	0.	0.	0.
GEORGE C. MACKIE, JR. WAKE FOREST, NC	SEC/TREAS 0.00	0.	0.	0.

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

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

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

 0

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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 DIRECT CONTRIBUTIONS TO 501(C)(3) CHARITABLE ORGANIZATIONS	
	41,389.
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 NONE	
	0.
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	► 0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	1,129,812.
b	Average of monthly cash balances	1b	36,280.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	1,166,092.
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	1,166,092.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	17,491.
5	Net value of noncharitable-use assets Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,148,601.
6	Minimum investment return Enter 5% of line 5	6	57,430.

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

1	Minimum investment return from Part X, line 6	1	57,430.
2a	Tax on investment income for 2013 from Part VI, line 5	2a	1,674.
b	Income tax for 2013. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,674.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	55,756.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	55,756.
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	55,756.

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	41,389.
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	41,389.
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	41,389.

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 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				55,756.
2 Undistributed income, if any, as of the end of 2013			41,389.	
a Enter amount for 2012 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2013:				
a From 2008				
b From 2009				
c From 2010				
d From 2011				
e From 2012				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2013 from Part XII, line 4: ► \$ 41,389.			41,389.	
a Applied to 2012, but not more than line 2a				
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 2013 distributable amount				0.
e Remaining amount distributed out of corpus	0.			0.
5 Excess distributions carryover applied to 2013 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2012. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2013. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2014				55,756.
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 2008 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2009				
b Excess from 2010				
c Excess from 2011				
d Excess from 2012				
e Excess from 2013				

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i>				
HANGER HALL 30 BEN LIPPEN SCHOOL ROAD <u>ASHEVILLE, NC 28806</u>			OPERATING SUPPORT	8,340.
INTERSTITIAL CYSTITIS ASSOCIATION 100 PARK AVENUE, SUITE 108A <u>ROCKVILLE, MD 20850</u>			OPERATING SUPPORT	4,139.
BAKER INDUSTRIES 184 PENNSYLVANIA AVENUE <u>MALVERN, PA 19355</u>			OPERATING SUPPORT	4,139.
WAKE FOREST BAPTIST CHURCH 107 E. SOUTH AVENUE <u>WAKE FOREST, NC 27587</u>			OPERATING SUPPORT	5,155.
WAKE FOREST VETERANS' MEMORIAL P.O. BOX 1834 <u>WAKE FOREST, NC 27588</u>			OPERATING SUPPORT	7,200.
Total	See continuation sheet(s)			► 3a 41,389.
<i>b Approved for future payment</i>				
None				
Total				► 3b 0.

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities					
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					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		94,709.	0.
13 Total. Add line 12, columns (b), (d), and (e)				13	94,709.
(See worksheet in line 13 instructions to verify calculations.)					

Relationship of Activities to the Accomplishment of Exempt Purposes

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?

a Transfers from the reporting foundation to a noncharitable exempt organization of:

- (1) Cash
- (2) Other assets

b Other transactions:

(1) Sales of assets to a noncharitable exempt organization

(2) Purchases of assets from a noncharitable exempt organization

(3) Rental of facilities, equipment, or other assets

(4) Reimbursement arrangements

(5) Loans or loan guarantees

(6) Performance of services or membership or fundraising solicitations

c Sharing of facilities, equipment, mailing lists, other assets, or paid employees

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. 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.

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
N/A		

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) is based on all information of which preparer has any knowledge.

May the IRS discuss this return with the preparer shown below (see instr.)?

Signature of officer or trustee		Date	Title		
Paid Preparer Use Only	Print/Type preparer's name		Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	J. Graham Clements		<i>J. Graham Clements</i>	<i>5/21/14</i>	P00204576
	Firm's name ► Koonce, Wooten & Haywood, LLP			Firm's EIN ► 56-0517823	
Firm's address ► P. O. Box 17806 Raleigh, NC 27619-7806			Phone no. 919-782-9265		

THE KGR FOUNDATION, INC.

56-1852393

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

Form 990-PF Interest on Savings and Temporary Cash Investments Statement 1

Source	(a) Revenue Per Books	(b) Net Investment Income	(c) Adjusted Net Income
MERRILL LYNCH	13.	13.	
Total to Part I, line 3	13.	13.	

Form 990-PF Dividends and Interest from Securities Statement 2

Source	Gross Amount	Capital Gains Dividends	(a) Revenue Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income
MERRILL LYNCH	29,555.	0.	29,555.	29,555.	
To Part I, line 4	29,555.	0.	29,555.	29,555.	

Form 990-PF Legal Fees Statement 3

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
LEGAL FEES	2,962.	2,962.		0.
To Fm 990-PF, Pg 1, ln 16a	2,962.	2,962.		0.

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	1,500.	1,500.		0.
To Form 990-PF, Pg 1, ln 16b	1,500.	1,500.		0.

Form 990-PF	Other Professional Fees	Statement	5
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Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
INVESTMENT ADVISORY FEES	6,139.	6,139.		0.
To Form 990-PF, Pg 1, ln 16c	6,139.	6,139.		0.

Form 990-PF	Taxes	Statement	6
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Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
FEDERAL EXCISE TAX	371.	371.		0.
FOREIGN TAX	57.	57.		0.
To Form 990-PF, Pg 1, ln 18	428.	428.		0.

Form 990-PF	Corporate Stock	Statement	7
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Description	Book Value	Fair Market Value
MERRILL LYNCH ATTACHED	1,239,451.	1,239,451.
Total to Form 990-PF, Part II, line 10b	1,239,451.	1,239,451.

GRAHAM CLEMENTS

EWI™ Fiscal Statement

Merrill Lynch
Wealth Management
Bank of America Corporation

CURRENT PORTFOLIO SUMMARY

Quantity	Security Description	Date Acquired	Total/Adj Cost Basis	Fiscal Year Value 12/31/13	Unrealized Gain or (Loss)	Est. Accrued Interest	Est. Annual Income
Cash and Money Funds							
	CASH		164.34	164.34			
14,795	ML BANK DEPOSIT PROGRAM	06/12/00	14,795.00	14,795.00		4.44	
	Total Cash and Money Funds		14,959.34	14,959.34		4.44	

CURRENT PORTFOLIO SUMMARY

Quantity	Security Description	Date Acquired	Total/Adj Cost Basis	Fiscal Year Value 12/31/13	Unrealized Gain or (Loss)	Est. Annual Income
Equities						
500	ABBOTT LABS	01/31/94	3,341.56	19,165.00	15,823.44	441.00
500	ABBYIE INC SHS	01/31/94	3,623.64	26,405.00	22,781.36	800.00
800	AT&T INC	11/13/13	28,093.48	28,128.00	34.52	1,472.00
300	BECTON DICKINSON CO	05/11/10	22,515.57	33,147.00	10,631.43	654.00
600	CVS CAREMARK CORP	05/11/10	21,696.00	42,942.00	21,246.00	661.00
900	CARNIVAL CORP PAIRED SHS	11/13/13	31,890.75	36,153.00	4,262.25	900.00
1,656	CHEVRON CORP	01/31/94	36,298.62	206,850.96	170,552.34	6,624.00
400	CATERPILLAR INC DEL	11/26/08	14,890.15	36,324.00	21,433.85	961.00
300	DIAGEO PLC SPSD ADR NEW	05/11/10	19,669.38	39,726.00	20,056.62	900.00

PLEASE SEE REVERSE SIDE
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Statement Period 12/31/13
Year Ending 778-04B60

98999999



EMA TM Fiscal Statement

GRAHAM CLEMENTS

CURRENT PORTFOLIO SUMMARY

Quantity	Security Description	Date Acquired	Total/Adj Cost Basis	Fiscal Year Value 12/31/13	Unrealized Gain or (Loss)	Est. Annual Income
Equities						
125	GOLDMAN SACHS GROUP INC	10/20/10	19,577.23	22,157.50	2,580.27	275.00
1,200	GENERAL ELECTRIC	10/20/10	19,217.35	33,636.00	14,418.65	1,056.00
600	HALLIBURTON COMPANY	10/20/10	20,147.83	30,450.00	10,302.17	361.00
50	HOSPIRA INC	01/31/94	462.05	2,064.00	1,601.95	
1,700	INTEL CORP	01/31/94	6,986.80	44,123.50	37,136.70	1,530.00
500	JPMORGAN CHASE & CO	05/11/10	21,099.35	29,240.00	8,140.65	761.00
2,000	JOHNSON AND JOHNSON COM	01/20/95	27,390.97	183,180.00	155,789.03	5,280.00
800	JOHNSON CONTROLS INC	03/07/13	26,465.00	41,040.00	14,575.00	704.00
700	MICROSOFT CORP	05/11/10	20,481.23	26,187.00	5,705.77	785.00
200	PRAXAIR INC	05/11/10	16,309.50	26,006.00	9,696.50	480.00
300	PROCTER & GAMBLE CO	05/11/10	18,924.00	24,423.00	5,499.00	722.00
250	QUALCOMM INC	03/21/11	13,544.10	18,562.50	5,018.40	350.00
500	STATE STREET CORP	05/11/10	21,784.20	36,695.00	14,910.80	520.00
1,000	SPECTRA ENERGY CORP	07/18/13	36,201.20	35,620.00	(581.20)	1,220.00
300	UNITED TECHS CORP COM	11/13/13	31,980.00	34,140.00	2,160.00	708.00
500	YUM BRANDS INC	05/11/10	21,139.05	37,805.00	16,665.95	740.00

PLEASE SEE REVERSE SIDE
 Statement Period
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 Year Ending 12/31/13

Account No.
 778-04B60

EMA **Fiscal Statement**

GRAHAM CLEMENTS

CURRENT PORTFOLIO SUMMARY

Quantity	Security Description	Date Acquired	Total/Adj Cost Basis	Fiscal Year Value 12/31/13	Unrealized Gain or (Loss)	Est. Annual Income
3,200	WELLS FARGO & CO NEW DEL	10/06/95	26,208.85	145,280.00	119,071.15	3,840.00
	Total Equities		529,937.86	1,239,450.46	709,512.60	32,745.00

