Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

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

▶ Do not enter Social Security numbers on this form as it may be made public.
▶ Information about Form 990-PF and its separate instructions is at www.irs.gov/form990pf.

OMB No 1545-0052

2013

Open to Public Inspection

For calendar year 2013 or tax year beginning , and ending

Name of foundation: Donnie Royal Foundation

A Employer identification number: 91-2052930

Number and street (or P O box number if mail is not delivered to street address): 3620 Cape Center Dr.

Room/suite:

B Telephone number (see instructions): 910-323-0191

City or town, state or province, country, and ZIP or foreign postal code: Fayetteville NC 28304

C If exemption application is pending, check here ▶ ☐

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 ▶ ☐

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

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

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ $ 1,659,330

J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) (Part I, column (d) must be on cash basis)

	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	9,514	9,514		
4	Dividends and interest from securities	53,747	53,747		
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	42,539			
b	Gross sales price for all assets on line 6a 578,407				
7	Capital gain net income (from Part IV, line 2)		42,539		
8	Net short-term capital gain			0	
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) **Stmt 1**	1,634	1,634		
12	**Total.** Add lines 1 through 11	107,434	107,434	0	
Operating and Administrative Expenses					
13	Compensation of officers, directors, trustees, etc	0			
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule) **Stmt 2**	2,000			
c	Other professional fees (attach schedule)				
17	Interest				
18	Taxes (attach schedule) (see instructions) **Stmt 3**	505	505		
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (att sch)				
24	**Total operating and administrative expenses.** Add lines 13 through 23	2,505	505	0	0
25	Contributions, gifts, grants paid	90,000			90,000
26	**Total expenses and disbursements.** Add lines 24 and 25	92,505	505	0	90,000
27	Subtract line 26 from line 12				
a	**Excess of revenue over expenses and disbursements**	14,929			
b	**Net investment income** (if negative, enter -0-)		106,929		
c	**Adjusted net income** (if negative, enter -0-)			0	

For Paperwork Reduction Act Notice, see instructions.

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	13,977	21,954	21,954
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 instructions)			
7	Other notes and loans receivable (att schedule) ▶ Less allowance for doubtful accounts ▶ 0			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges	1,268	1,827	1,827
10a	Investments – U S and state government obligations (attach schedule) Stmt 4	54,399	72,873	74,150
b	Investments – corporate stock (attach schedule) See Stmt 5	1,169,816	1,272,164	1,400,040
c	Investments – corporate bonds (attach schedule) See Stmt 6	153,163	85,804	85,425
11	Investments – land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
12	Investments – mortgage loans			
13	Investments – other (attach schedule) See Statement 7	127,190	78,139	75,934
14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
15	Other assets (describe ▶)			
16	**Total assets** (to be completed by all filers – see the instructions Also, see page 1, item I)	1,519,813	1,532,761	1,659,330
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	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	1,519,813	1,532,761	
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			
30	**Total net assets or fund balances** (see instructions)	1,519,813	1,532,761	
31	**Total liabilities and net assets/fund balances** (see instructions)	1,519,813	1,532,761	

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	1,519,813
2	Enter amount from Part I, line 27a	2	14,929
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	1,534,742
5	Decreases not included in line 2 (itemize) ▶ See Statement 8	5	1,981
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	1,532,761

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 Worksheet			
b				
c				
d				
e				

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

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				
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	42,539
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	3,888

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	95,291	1,575,725	0.060474
2011	96,746	1,587,365	0.060948
2010	90,000	1,548,178	0.058133
2009	104,356	1,419,942	0.073493
2008	100,000	1,741,485	0.057422

2	**Total** of line 1, column (d)	2	0.310470
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	0.062094
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	1,611,729
5	Multiply line 4 by line 3	5	100,079
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,069
7	Add lines 5 and 6	7	101,148
8	Enter qualifying distributions from Part XII, line 4	8	90,000

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 ▶ ☐ 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	2,139
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)				
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			2	0
3	Add lines 1 and 2			3	2,139
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	0
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	2,139
6	Credits/Payments				
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	1,827		
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	1,827
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	312
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** ▶ 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		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?	1b		X
	If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities			
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 ▶ $ ______ **(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		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	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		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ NC			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation	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)? If "Yes," complete Part XIV	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

Part VII-A Statements Regarding Activities (continued)

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ **N/A**

14 The books are in care of ▶ **William T. Allen** Telephone no ▶ **910-323-0191**
3620 Cape Center Dr.
Located at ▶ Fayetteville NC ZIP+4 ▶ **28304**

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

			Yes	No
16	At any time during calendar year 2013, 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		X
	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.

				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 instructions)?	N/A	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 2013?	N/A	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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013?	☐ 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)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 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 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)	N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2013?		4b		X

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

5a During the year did the foundation pay or incur any amount to
- **(1)** Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No
- **(2)** Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No
- **(3)** Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No
- **(4)** Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (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)? N/A | **5b** | | |

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

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

If "Yes," attach the statement required by Regulations section 53 4945–5(d)

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? | **6b** | | X |

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? N/A | **7b** | | |

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

1 List all officers, directors, trustees, foundation managers and their compensation (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
William T. Allen 3620 Cape Center	Fayetteville NC 28304	President 0.00	0	0	0
Henry Turlington 1600 Quaker Ridge	Raleigh NC 27615	Treasurer 0.00	0	0	0
Charles Royal 1425 Keith Hills Road	Lillington NC 27546	V-President 0.00	0	0	0
Dr. Douglas Kelly 500 East Cleveland St.	Dillon SC 29536	Secretary 0.00	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 ▶ 0

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

3 Five highest-paid independent contractors for professional services (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 N/A	
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 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	1,604,262
b	Average of monthly cash balances	1b	32,011
c	Fair market value of all other assets (see instructions)	1c	0
d	**Total** (add lines 1a, b, and c)	1d	1,636,273
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	1,636,273
4	Cash deemed held for charitable activities Enter 1½% of line 3 (for greater amount, see instructions)	4	24,544
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	1,611,729
6	**Minimum investment return.** Enter 5% of line 5	6	80,586

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	80,586
2a	Tax on investment income for 2013 from Part VI, line 5	2a	2,139		
b	Income tax for 2013 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	2,139
3	Distributable amount before adjustments Subtract line 2c from line 1			3	78,447
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	78,447
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	78,447

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	90,000
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	90,000
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	0
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	90,000

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					78,447
2	Undistributed income, if any, as of the end of 2013					
a	Enter amount for 2012 only					
b	Total for prior years 20_____ , 20_____ , 20_____					
3	Excess distributions carryover, if any, to 2013					
a	From 2008	14,540				
b	From 2009	34,647				
c	From 2010	14,181				
d	From 2011	19,886				
e	From 2012	17,923				
f	**Total** of lines 3a through e		101,177			
4	Qualifying distributions for 2013 from Part XII, line 4 ▶ $ 90,000					
a	Applied to 2012, but not more than line 2a					
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 2013 distributable amount					78,447
e	Remaining amount distributed out of corpus		11,553			
5	Excess distributions carryover applied to 2013 (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		112,730			
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 2012 Subtract line 4a from line 2a Taxable amount – see instructions					
f	Undistributed income for 2013 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2014					0
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 2008 not applied on line 5 or line 7 (see instructions)		14,540			
9	**Excess distributions carryover to 2014.** Subtract lines 7 and 8 from line 6a		98,190			
10	Analysis of line 9					
a	Excess from 2009	34,647				
b	Excess from 2010	14,181				
c	Excess from 2011	19,886				
d	Excess from 2012	17,923				
e	Excess from 2013	11,553				

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 2013, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2013	(b) 2012	(c) 2011	(d) 2010	
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 foundation had $5,000 or more in assets at any time during the year – see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

Donnie M. Royal, MD (Deceased 2001)

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

N/A

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 address of the person to whom applications should be addressed

William T. Allen 910-323-0191
3620 Cape Center Dr. Fayetteville NC 28304

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

Contact Individual in 2A for details

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				
Reformed Theological Semi 2101 Carmel Rd. Charlotte NC 28226		501(c)(3)	Royal Scholarship	10,000
Sampson Community College P.O. Box 318 Clinton NC 28329		501(c)(3)	Nursing Scholarship	12,000
Salemburg Baptist Church P.O. Box 537 Salemburg NC 28385		Church	General Fund	5,000
Baptist Children's Home P.O. Box 338 Thomasville NC 27361		501(c)(3)	General Fund	6,000
Campbell University P.O. Box 116 Buies Creek NC 27506		University	Concert Series	10,000
Campbell University P.O. Box 116 Buies Creek NC 27506		University	School of Medicine	10,000
Salemburg Food Bank 113 N Main St Salemburg NC 28385		501(c)(3)	General Fund	6,000
Sampson Regional Medical Center Fou 607 Beaman St Clinton NC 28328		501(c)(3)	General Fund	20,000
Town of Salemburg 100 Methodist Dr Salemburg NC 28385		Municipality	General Fund	10,000
Virginia Commonwealth Medical Schoo P.O. Box 980565 Richmond VA 23298-0565		501(c)(3)	Medical School	1,000
Total			▶ 3a	90,000
b Approved for future payment N/A				
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	9,514	
4 Dividends and interest from securities			14	53,747	
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			14	1,634	
8 Gain or (loss) from sales of assets other than inventory			18	42,539	
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		107,434	0

13 **Total.** Add line 12, columns (b), (d), and (e) 13 107,434

(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)
N/A	

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

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

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
N/A			

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 instructions)? ☒ Yes ☐ No

x

Signature of officer or trustee

x 5-8-14

Date

President

Title

Paid Preparer Use Only

Print/Type preparer's name William Temple Allen, CPA, PA	Preparer's signature William Temple Allen, CPA, PA	Date 04/30/14	Check ☐ if self-employed
Firm's name ▶ William Temple Allen, CPA, P.A.		PTIN P01071846	
Firm's address ▶ 3620 Cape Center Drive Fayetteville, NC 28304		Firm's EIN ▶ 56-1833865 Phone no 910-323-0191	

Form **990-PF**

Capital Gains and Losses for Tax on Investment Income

2013

For calendar year 2013, or tax year beginning , and ending

Name

Donnie Royal Foundation

Employer Identification Number

91-2052930

	(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)
(1)	20000 shs Crescent B&T	P	04/17/13	06/28/13
(2)	100 shs Hasbro	P	07/12/12	04/17/13
(3)	50 shs Siemens G Spon	P	07/12/12	04/17/13
(4)	75 United Health Group	P	10/18/12	10/10/13
(5)	75 Western Gas Partners	P	01/23/12	01/22/13
(6)	500 AT&T	P	Various	01/22/13
(7)	350 Abbott Labs	P	10/25/11	01/22/13
(8)	100 Abbvie Inc.	P	10/25/11	10/10/13
(9)	10000 Aegon	P	02/18/10	06/03/13
(10)	1000 Alliance Bernstein	P	01/19/06	04/17/13
(11)	3000 Alliance Bernstein	P	10/19/09	10/10/13
(12)	125 American Elec Power	P	09/16/08	04/17/13
(13)	10000 American Express	P	06/24/09	04/16/13
(14)	1000 Annaly Cap Mgmt	P	Various	07/22/13
(15)	50 Automatic Data Proc	P	07/15/09	04/17/13

	(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)	20,000		20,006	-6
(2)	4,264		3,335	929
(3)	4,996		4,121	875
(4)	5,333		4,277	1,056
(5)	3,664		3,081	583
(6)	16,605		18,032	-1,427
(7)	11,261		9,112	2,149
(8)	4,393		2,823	1,570
(9)	10,000		10,531	-531
(10)	15,979		13,048	2,931
(11)	43,178		39,415	3,763
(12)	6,060		4,740	1,320
(13)	10,000		10,072	-72
(14)	11,844		16,752	-4,908
(15)	3,181		1,788	1,393

	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)				-6
(2)				929
(3)				875
(4)				1,056
(5)				583
(6)				-1,427
(7)				2,149
(8)				1,570
(9)				-531
(10)				2,931
(11)				3,763
(12)				1,320
(13)				-72
(14)				-4,908
(15)				1,393

Form **990-PF**

Capital Gains and Losses for Tax on Investment Income

For calendar year 2013, or tax year beginning , and ending

2013

Name

Donnie Royal Foundation

Employer Identification Number

91-2052930

	(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)
(1)	250 Automatic Data Proc	P	07/15/09	07/22/13
(2)	10000 BAC Intrnts	P	10/19/09	05/15/13
(3)	8000 Cap One NA	P	10/19/09	03/19/13
(4)	33000 Cap One NA	P	07/22/10	05/21/13
(5)	15000 Cap One NA	P	08/13/09	05/28/13
(6)	5000 Cat Pwrnts	P	10/19/09	05/15/13
(7)	5000 Cat Pwrnts	P	05/05/09	05/15/13
(8)	50 Coca Cola	P	07/02/01	04/17/13
(9)	250 Digital Realty Trust	P	01/23/12	07/22/13
(10)	500 Exelon Corp	P	05/12/10	01/22/13
(11)	225 Fedex	P	Various	07/22/13
(12)	15000 FICO	P	02/18/10	05/30/13
(13)	500 Ford Motor Co	P	07/25/11	10/10/13
(14)	2000 Govt Tr CTFS	P	10/19/09	05/15/13
(15)	10000 HSBC INTRNTS	P	10/19/09	04/15/13

	(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)	18,036		8,942	9,094
(2)	10,000		10,212	-212
(3)	8,000		8,349	-349
(4)	33,000		35,244	-2,244
(5)	15,000		15,888	-888
(6)	5,000		5,295	-295
(7)	5,000		5,000	
(8)	2,061		1,125	936
(9)	15,899		17,253	-1,354
(10)	14,956		21,370	-6,414
(11)	23,937		19,926	4,011
(12)	15,000		14,299	701
(13)	8,292		6,655	1,637
(14)	2,000		1,880	120
(15)	10,000		10,642	-642

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))
(1)				9,094
(2)				-212
(3)				-349
(4)				-2,244
(5)				-888
(6)				-295
(7)				
(8)				936
(9)				-1,354
(10)				-6,414
(11)				4,011
(12)				701
(13)				1,637
(14)				120
(15)				-642

Form **990-PF**

Capital Gains and Losses for Tax on Investment Income

For calendar year 2013, or tax year beginning , and ending

2013

Name

Donnie Royal Foundation

Employer Identification Number

91-2052930

	(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)
(1)	330 ISHS Investment	P	Various	10/10/13
(2)	50 Johnson & Johnson	P	03/23/04	01/22/13
(3)	50 Johnson & Johnson	P	03/23/04	10/10/13
(4)	50 McDonalds	P	01/18/07	04/17/13
(5)	400 Merck	P	05/12/10	10/10/13
(6)	300 National Grid	P	10/25/11	01/22/13
(7)	3000 Northeast	P	07/22/10	06/03/13
(8)	25 Philip Morris	P	06/03/05	01/22/13
(9)	1000 PWRSH CMDTY	P	Various	10/10/13
(10)	50 Proctor & Gamble	P	06/18/99	01/22/13
(11)	50 Proctor & Gamble	P	Various	04/17/13
(12)	50 Royal Bank of Canada	P	09/15/08	01/22/13
(13)	300 Royal Bank of Canada	P	09/15/08	07/22/13
(14)	6550 Virtus Mult SCTR	P	10/25/11	07/22/13
(15)	100 Waste Management	P	01/23/12	10/10/13

	(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)	36,927		37,903	-976
(2)	3,552		2,532	1,020
(3)	4,281		2,532	1,749
(4)	5,031		2,265	2,766
(5)	18,591		13,682	4,909
(6)	16,436		15,478	958
(7)	3,000		3,268	-268
(8)	2,178		907	1,271
(9)	38,827		45,935	-7,108
(10)	3,416		1,494	1,922
(11)	3,867		1,558	2,309
(12)	3,011		2,271	740
(13)	18,767		13,626	5,141
(14)	31,894		31,378	516
(15)	4,007		3,447	560

	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)				-976
(2)				1,020
(3)				1,749
(4)				2,766
(5)				4,909
(6)				958
(7)				-268
(8)				1,271
(9)				-7,108
(10)				1,922
(11)				2,309
(12)				740
(13)				5,141
(14)				516
(15)				560

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Capital Gains and Losses for Tax on Investment Income

2013

For calendar year 2013, or tax year beginning , and ending

Name

Donnie Royal Foundation

Employer Identification Number

91-2052930

	(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)
(1)	50 Western Gas Partners	P	01/23/12	04/17/13
(2)	300 Western Gas Partners	P	01/23/12	07/22/13
(3)	Siemens	P	07/25/13	07/25/13
(4)	Ameriprise #6133 - CG Distr.			
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

	(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)	2,807		2,054	753
(2)	18,507		12,325	6,182
(3)	451			451
(4)	5,918			5,918
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

	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))
(1)				753
(2)				6,182
(3)				451
(4)				5,918
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 11 - Other Income

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Ameriprise #6133	$ 1,634	$ 1,634	$
Total	$ 1,634	$ 1,634	$ 0

Statement 2 - Form 990-PF, Part I, Line 16b - Accounting Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Indirect Accounting Fees	$ 2,000	$	$	$
Total	$ 2,000	$ 0	$ 0	$ 0

Statement 3 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Foreign Taxes Paid	$ 505	$ 505	$	$
Total	$ 505	$ 505	$ 0	$ 0

Statement 4 - Form 990-PF, Part II, Line 10a - US and State Government Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
FICO Series - 10,000 Sh	$ 9,391	$ 9,392	Cost	$ 9,985
FICO Series - 15,000 Sh	14,297	14,668	Cost	14,861
FICO Series - 15,000 Sh	14,668		Cost	
Govt Tr - 2000 Sh	1,880		Cost	
Tenn Valley Auth - 15,000	14,163	14,165	Cost	14,944
Tenn Valley Auth - 25000		24,884	Cost	24,644
Tenn Vally Auth - 10,000		9,764	Cost	9,716
Total	$ 54,399	$ 72,873		$ 74,150

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
First Eagle Funds - 1221.2 sh	$ 31,989	$ 64,091	Cost	$ 65,469
Pimco Funds Pacific - 6,964.567 sh	77,005		Cost	
Pimco Inc Cl A - 12,172.222 sh	140,313	144,856	Cost	149,231
Principal High Yield - 6518.973 sh	50,239	53,213	Cost	50,587
Virtus Multi - 15,277.906 sh	103,651	74,532	Cost	74,251
Aflac Inc - 300 sh	15,305	15,305	Cost	20,040
AT&T - 500 Sh	18,032		Cost	
Abbott Laboratories - 350 Sh	18,993		Cost	
AllianceBernstein GHIF - 4000 Sh	52,463		Cost	
Altria Group - 500 Sh	11,508	11,508	Cost	19,195
American Electric - 300 Sh	16,118	11,377	Cost	14,022
Annaly Capital Mngt - 1,000 sh	16,752		Cost	
Ares Capital Corp	16,305	16,305	Cost	17,770
Automatic Data Processing - 300 Sh	10,731		Cost	
BCE Inc New - 400 sh	16,880	16,880	Cost	17,316
Chevron - 165 Sh	8,819	8,819	Cost	20,610
Cisco Systems Inc - 800 sh	15,153	15,153	Cost	17,944
Coca Cola Co - 400 Sh	10,125	9,000	Cost	16,524
Digital Realty Trust Inc - 250 sh	17,298		Cost	
Enterprise Prod Part - 325 sh	16,991	16,546	Cost	21,548
Exelon Corp - 500 Sh	21,370		Cost	

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
FedEx - 225 Sh	$ 19,926	$	Cost	$
Ford - 1,000 Sh	19,715	13,059	Cost	15,430
Hasbro - 400 sh	16,677	13,342	Cost	22,004
Intel - 700 Sh	16,608	16,608	Cost	18,169
Ishares Iboxx $Invest - 330 Sh	37,903		Cost	
Ishares JP Morgan - 250sh	14,982	30,810	Cost	27,040
Johnson & Johnson - 200 Sh	17,915	12,850	Cost	18,318
McDonalds - 150 shs	9,059	6,795	Cost	14,555
Merck & Co - 400 Sh	13,682		Cost	
Microsoft Corp - 500 sh	15,010	15,010	Cost	18,705
National Grid PLC - 300 Sh	15,478		Cost	
Philip Morris - 200 Sh	9,870	8,963	Cost	17,426
Powershares - 1500 Sh	45,935		Cost	
Proctor & Gamble - 200 Sh	12,837	9,785	Cost	16,282
Rio Tinto - 325 Sh	20,977	20,977	Cost	18,340
Royal Bank of Canada - 350 Sh	15,897		Cost	
Spdr Wells Fargo - 850 sh	39,402	39,402	Cost	33,507
Siemens A G - 15 sh	16,485	12,363	Cost	20,777
Unitedhealth Group - 225 sh	17,106	12,830	Cost	16,943
Vanguard Reit Etf - 750 Sh	45,375	44,396	Cost	48,420
Waste Management - 400 sh	17,233	13,786	Cost	17,948
Western Mgd High Income - 4700 Sh	28,243	28,243	Cost	26,602
Western Gas Prt - 425 sh	17,461		Cost	
Diamond Hill Small Cap 1,451.532 sh		42,793	Cost	43,111
MFS Intl Value 2554.6 shs		76,402	Cost	79,320
Pimco All Asset All Authority 7092 s		78,372	Cost	70,214
Abbvie - 350 shs		10,739	Cost	18,484
Astrozeneca - 300 shs		15,342	Cost	17,811
BB&T - 500 shs		15,255	Cost	18,660
CSX Corp - 585 shs		15,002	Cost	16,830
Caterpillar - 200 shs		16,516	Cost	18,162
Cincinnati Financial - 360		15,354	Cost	18,853
Conoco Phillips - 250 shs		15,122	Cost	17,663
Harris Corp - 300 shs		15,115	Cost	20,943
IBM - 100 shs		18,601	Cost	18,757
Kraft Foods - 250 shs		14,750	Cost	13,478
Microchip Technology - 450 shs		15,205	Cost	20,138

Statement 5 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments (continued)

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Occidental Petroleum - 160 shs	$	$ 14,879	Cost	$ 15,216
Omega Healthcare - 435 shs		15,043	Cost	12,963
Prudential Financial - 185 shs		14,811	Cost	17,061
QLogic Corp - 1350 shs		14,888	Cost	15,971
Qualcomm Inc. - 250 shs		15,727	Cost	18,563
Realty Income - 325 shs		15,087	Cost	12,132
Southern Co - 325 Sh.		14,984	Cost	13,361
Targa Resources - 285 shs		14,737	Cost	14,906
Toronto Dominion Bank - 175 shs		15,061	Cost	16,492
Westpac Banking Corp - 550 shs		15,575	Cost	15,978
Total	$ 1,169,816	$ 1,272,164		$ 1,400,040

Statement 6 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Aegon Nv Adr NY Shs - 10,000	$ 10,531	$	Cost	$
American Express Bank NTS - 10,000	10,072		Cost	
BankofAmerica Internotes - 10,000	10,212		Cost	
BankofAmer Funding - 10,000	11,305		Cost	
British Telecom - 10,000	10,260	10,124	Cost	10,176
Caterpillar Financial Svcs - 5000	5,295		Cost	
Caterpillar Financial Svcs - 5000	5,000		Cost	
HSBC FIN Corp Internotes - 10,000	10,642		Cost	
Hewlett Packard Co	10,329	10,114	Cost	10,157
Intl Bank for Rec - 25,000	24,539	24,539	Cost	24,860
Jeffries Group Inc Bond - 10,000	10,877	10,123	Cost	10,225
Northeast Utilities - 3,000	3,268		Cost	
Prudential Financial Inc - 10,000	10,558	10,558	Cost	10,106
Resolution FDG Corp	14,831	14,902	Cost	14,885
Simon Property Group - 5,000	5,444	5,444	Cost	5,016
Total	$ 153,163	$ 85,804		$ 85,425

Statement 7 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Ally Bank CD - 10,000	$ 10,006	$ 10,000	Cost	$ 10,017
American Express CD - 27,000			Cost	
Capital One Bank CD - 8,000	8,349		Cost	
Capital One Bank CD - 33,000	35,244		Cost	
Capital One Bank CD - 15,000	15,888		Cost	
CIT Bank CD - 20,000	21,149	21,149	Cost	20,256
CIT Bank CD - 20,000	21,074	20,205	Cost	20,293
Discover Bank CD - 15,000			Cost	
Discover Bank CD - 15,000	15,480	15,480	Cost	15,119
Discover Bank CD - 23,000			Cost	
Bank America Corp - 10000.		11,305	Cost	10,249
Total	$ 127,190	$ 78,139		$ 75,934

Statement 8 - Form 990-PF, Part III, Line 5 - Other Decreases

Description	Amount
IRS	$ 1,977
Rounding	4
Total	$ 1,981

Form 990-PF, Part XV, Line 1a - Managers Who Contributed Over 2% or $5,000

Name of Manager	Amount
Donnie M. Royal, MD (Deceased 2001)	$
Total	$ 0

Form 990-PF, Part XV, Line 2b - Application Format and Required Contents

Description
Contact Individual in 2A for details

Form 990-PF, Part XV, Line 2c - Submission Deadlines

Description
None

Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description
None