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 JUL 1, 2013 , and ending JUN 30, 2014

Name of foundation: THE THOMAS S. KENAN III FOUNDATION

A Employer identification number: 56-1816652

Number and street (or P O box number if mail is not delivered to street address): P O BOX 4150 | Room/suite:

B Telephone number: 919-967-0618

City or town, state or province, country, and ZIP or foreign postal code: CHAPEL HILL, NC 27515-4150

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: [X] 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)* ▶$ 4,100,955.

J Accounting method: [X] 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).)

		(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			N/A	
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	2.	2.		STATEMENT 1
	4 Dividends and interest from securities	97,781.	97,781.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	27,740.			
	b Gross sales price for all assets on line 6a 804,161.				
	7 Capital gain net income (from Part IV, line 2)		27,740.		
	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	114.	114.		STATEMENT 3
	12 Total. Add lines 1 through 11	125,637.	125,637.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees				
	b Accounting fees STMT 4	6,088.	0.		6,088.
	c Other professional fees STMT 5	31,048.	31,048.		0.
	17 Interest				
	18 Taxes STMT 6	14,946.	0.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 7	10.	0.		10.
	24 Total operating and administrative expenses. Add lines 13 through 23	52,092.	31,048.		6,098.
	25 Contributions, gifts, grants paid	168,260.			168,260.
	26 Total expenses and disbursements. Add lines 24 and 25	220,352.	31,048.		174,358.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	<94,715.>			
	b Net investment income (if negative, enter -0-)		94,589.		
	c Adjusted net income (if negative, enter -0-)			N/A	

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323501 10-10-13 LHA For Paperwork Reduction Act Notice, see instructions. Form **990-PF** (2013)

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1 Cash - non-interest-bearing	<277.>	3,615.	3,615.
	2 Savings and temporary cash investments	56,830.	9,565.	9,565.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less: allowance for doubtful accounts ▶			
	5 Grants receivable	5,000.		
	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 8	2,303,260.	2,203,882.	2,838,764.
	c Investments - corporate bonds STMT 9	845,792.	854,044.	827,690.
	11 Investments - land, buildings, and equipment: basis ▶			
	Less accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 10	342,981.	387,764.	421,321.
	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 I)	3,553,586.	3,458,870.	4,100,955.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 Total liabilities (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ 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 ▶ [X] and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0.	0.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29 Retained earnings, accumulated income, endowment, or other funds	3,553,586.	3,458,870.	
	30 Total net assets or fund balances	3,553,586.	3,458,870.	
	31 Total liabilities and net assets/fund balances	3,553,586.	3,458,870.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,553,586.
2	Enter amount from Part I, line 27a	2	<94,715.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	3,458,871.
5	Decreases not included in line 2 (itemize) ▶ ROUNDING	5	1.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,458,870.

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 SUNTRUST STATEMENT	P		
b	SEE SUNTRUST STATEMENT	P		
c	CAPITAL GAINS DIVIDENDS			
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	553,547.		565,900.	<12,353.>
b	233,735.		210,521.	23,214.
c	16,879.			16,879.
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				<12,353.>
b				23,214.
c				16,879.
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** 27,740.

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	169,768.	3,667,824.	.046286
2011	179,877.	3,439,115.	.052303
2010	158,930.	3,565,288.	.044577
2009	157,204.	3,292,163.	.047751
2008	192,691.	3,163,213.	.060916

2	Total of line 1, column (d)	2	.251833
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	.050367
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5	4	3,866,876.
5	Multiply line 4 by line 3	5	194,763.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	946.
7	Add lines 5 and 6	7	195,709.
8	Enter qualifying distributions from Part XII, line 4	8	174,358.

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	1,892.
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	1,892.
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	1,892.
6 Credits/Payments:			
a 2013 estimated tax payments and 2012 overpayment credited to 2013	6a 9,256.		
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	9,256.
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	7,364.
11 Enter the amount of line 10 to be: **Credited to 2014 estimated tax** ▶	7,364. **Refunded** ▶	11	0.

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	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. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	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

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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 ▶ STEVEN R. ARMSTRONG Telephone no. ▶ 919-967-0618

Located at ▶ SUITE 525, 100 EUROPA DRIVE, CHAPEL HILL, NC ZIP+4 ▶ 27517

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ | 15 | N/A

			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?	1c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 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 ▶ ____, ____, ____, ____			
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. ▶ ____, ____, ____, ____			
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)? ☐ 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** No: X

If "Yes" to 6b, file Form 8870.

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

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

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
THOMAS S. KENAN III SUITE 525, 100 EUROPA DRIVE CHAPEL HILL, NC	DIRECTOR/PRESIDENT 0.00	0.	0.	0.
STEVEN R. ARMSTRONG SUITE 525, 100 EUROPA DRIVE CHAPEL HILL, NC	DIRECTOR/SEC/TREASURER 0.00	0.	0.	0.
PHYLLIS P. SNOW SUITE 525, 100 EUROPA DRIVE CHAPEL HILL, NC	ASSISTANT SECRETARY 0.00	0.	0.	0.
CHRISTOPHER A. SHUPING SUITE 525, 100 EUROPA DRIVE CHAPEL HILL, NC	DIRECTOR 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

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

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

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

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ▶	0.

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	3,890,074.
b	Average of monthly cash balances	1b	35,688.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	3,925,762.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	3,925,762.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	58,886.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,866,876.
6	**Minimum investment return.** Enter 5% of line 5	6	193,344.

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	193,344.
2a	Tax on investment income for 2013 from Part VI, line 5 — 2a: 1,892.		
b	Income tax for 2013. (This does not include the tax from Part VI.) — 2b:		
c	Add lines 2a and 2b	2c	1,892.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	191,452.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	191,452.
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	191,452.

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	174,358.
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	174,358.
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	174,358.

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				191,452.
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only			165,322.	
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: ▶ $ 174,358.				
a Applied to 2012, but not more than line 2a			165,322.	
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				9,036.
e Remaining amount distributed out of corpus	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.			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				182,416.
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 XIV Private Operating Foundations (see instructions and Part VII-A, question 9) N/A

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 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			
	(a) 2013	(b) 2012	(c) 2011	(d) 2010	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. 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).)

THOMAS S. KENAN III

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

2 **Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ▶ [X] 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:

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

c Any submission deadlines:

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

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 SCHEDULE				168,260.
Total			▶ 3a	168,260.
b *Approved for future payment*				
NONE				
Total			▶ 3b	0.

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10-10-13

11491030 794104 TSKFD 2013.04000 THE THOMAS S. KENAN III FOU TSKFD__1

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) Related or exempt function income
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	2.	
4 Dividends and interest from securities			14	97,781.	
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	114.	
8 Gain or (loss) from sales of assets other than inventory			18	27,740.	
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.		125,637.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 125,637.

(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).

323621
10-10-13

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

▶ Thomas Kenan III 11/13/14 ▶ Trustee

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
	STEVEN R. ARMSTRONG		11/13/14		P01366491
	Firm's name ▶ KENAN MANAGEMENT INC			Firm's EIN ▶ 56-1979315	
	Firm's address ▶ P O BOX 4150 CHAPEL HILL, NC 27515-4150			Phone no. 919-067-0618	

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
SUNTRUST	2.	2.	
TOTAL TO PART I, LINE 3	2.	2.	

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
SUNTRUST- DIVIDENDS	114,660.	16,879.	97,781.	97,781.	
TO PART I, LINE 4	114,660.	16,879.	97,781.	97,781.	

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME
OTHER	114.	114.	
TOTAL TO FORM 990-PF, PART I, LINE 11	114.	114.	

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
KENAN MANAGEMENT, INC	5,788.	0.		5,788.
TAX PREPARATION FEE	300.	0.		300.
TO FORM 990-PF, PG 1, LN 16B	6,088.	0.		6,088.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
SUNTRUST INVESTMENT FEE	31,048.	31,048.		0.
TO FORM 990-PF, PG 1, LN 16C	31,048.	31,048.		0.

FORM 990-PF TAXES STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	1,432.	0.		0.
FEDERAL TAXES	13,514.	0.		0.
TO FORM 990-PF, PG 1, LN 18	14,946.	0.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 7

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER	10.	0.		10.
TO FORM 990-PF, PG 1, LN 23	10.	0.		10.

FORM 990-PF CORPORATE STOCK STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE SCHEDULE	2,203,882.	2,838,764.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,203,882.	2,838,764.

FORM 990-PF	CORPORATE BONDS	STATEMENT 9

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE SCHEDULE	854,044.	827,690.
TOTAL TO FORM 990-PF, PART II, LINE 10C	854,044.	827,690.

FORM 990-PF	OTHER INVESTMENTS	STATEMENT 10

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
SEE SCHEDULE	FMV	387,764.	421,321.
TOTAL TO FORM 990-PF, PART II, LINE 13		387,764.	421,321.

The Thomas S. Kenan III Foundation, Inc.
Form 990-PF
Year Ended June 30, 2014
EIN 56-1816652

PART XV - SUPPLEMENTARY INFORMATION
3. GRANTS AND CONTRIBUTIONS PAID

Name and Address	Foundation Status	Purpose of Grant Or Contribution	Amount
American Dance Festival and School Box 90772 Durham, NC 27708-0772	PC	Jackie Zinn Scholarship Fund	5,000
Aspen Music Festival and School 225 Music School Road Aspen, Colorado 81611	PC	Undesignated - Music School Operations	5,000
Bennett Place Support Fund, Inc 4409 Bennett Memorial Road Durham, NC 27705	PC	Designated for the Museum Exhibit Gallery - 150th Anniversary Designated for the Museum Renovations	2,500 2,000
Botanical Garden Foundation UNC Chapel Hill PO Box 3375 Chapel Hill, NC 27599-3373	PC	Designated for the garden sculpture by Patrick Dougherty Support the 2014 Bartram Exhibition Project	5,000 2,500
Carolina for Kibera 301 Pittsboro St, CB 5145 Chapel Hill, NC 27599	PC	Exendable Fund - to develop local leaders, change and alleviate poverty in the Kibera slum of Nairobi	1,000
Chamber Orchestra of the Triangle 1213 E Franklin Street Chapel Hill, NC 27514	PC	Budget Support	10,000
Destination Cleveland County, Inc Earl Scruggs Center PO Box 2063 Shelby, NC 28151	PC	Designated for Earl Scruggs Center, Music and Stories from the American South	2,500
Duke University Sarah P Duke Gardens Box 90581 Durham, NC 27708	PC	Designated for Sarah P Duke Gardens Annual Fund	5,000
Duke University 125 Science Drive 101 Bryan Ctr, Box 90937 Durham, NC 27708	PC	Designated for the Kenan-Biddle Partnership	12,500
Durham Symphony Orchestra PO Box 1993 Durham, NC 27702	PC	Designated for season performances	1,000
Episcopal Center at Duke University 505 Alexander Avenue Central Campus Durham, NC 27705	PC	Designated for electrical, audio video facilities	20,000
First Presbyterian Church 125 South Third Street Wilmington, NC 28401-4554	PC	Designated for Handicapped Ramp Construction	12,500
Friends of Orange County Dept. of Social Services, Inc PO Box 1272 Hillsborough, NC 27278-1272	PC	Assist social workers in providing emergency funds to economically disadvantaged families, elderly & disabled individuals & children	1,000

Kidzu Children's Museum 123-B West Franklin Street Chapel Hill, NC 27516	PC	Designated for operations of hands-on museum for young children & adults	1,000
National Tropical Botanical Garden 3530 Papalina Road Kalaheo, HI 96741	PC	Designated for NTBG 50th Anniversary celebration	15,000
North Carolina Symphony 3700 Glenwood Avenue, Suite 130 Raleigh, NC 27612	PC	Gift in Honor of Music Director's 10th Anniversary	10,000
Preservation Chapel Hill 610 East Rosemary Street Chapel Hill, NC 27514	PC	Designated for purchase of camera equipment	1,260
St. Stephen's Episcopal Church 83 Kimberly Drive Durham, NC 27707	PC	Designated for Repair of Church Cottage	10,000
Student U 3116 Academy Road Durham, NC 27707	PC	Curriculum development & program supplies, training & mentoring for teachers, salaries for teachers & staff - operations	2,000
The Arts Center 300-G East Main Street Carrboro, NC 27510	PC	Designated for the Annual Appeal for 2013	1,000
The Butler Institute of American Art 524 Wick Avenue Youngstown, Ohio 44502	PC	Grant for Operationns = Honor of Pete Ballard	2,500
The Carolina Theatre 309 West Morgan Street Durham, NC 27701	PC	Support for general operations	2,500
The Choral Society of Durham Durham Arts Council Building 120 Morris Street Durham, NC 27701	PC	Support of live choral music performances	1,000
The Kampong of the NTBG 4013 S Douglas Road Coconut Grove, FL 33133	PC	Designated for horticultural operations	10,000
Lockport Corps The Salvation Army 50 Cottage Street Lockport, NY 14094-4342	PC	Designated for greatest needs - Lockport Area	2,500
UNC-Chapel Hill Southern Historical Collection 200 South road, CB 3926 Chapel Hill, NC 27515	PC	Southern Historical Collection - Special Projects	10,000
UNC-Chapel Hill Department of Music CB # 3320, 104 Hill Hall Chapel Hill, NC 27599-3320	PC	Scholarship support for Students Attending the HS Music Camp	2,000
Virginia Theological Seminary 3737 Seminary Road Alexandria, VA 22304	PC	Designated for the Chapel and Organ Fund	10,000
		TOTAL GRANTS PAID	$ 168,260

SunTrust

Statement of Capital Gains and Losses From Sales
(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)
THE THOMAS S. KENAN III, FDN, INC
Trust Year 7/1/2013 - 6/30/2014

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
00206R102	AT&T INC COM								
Sold		03/11/14	56	1,802 04					
Acq		04/29/13	56	1,802 04	2,083 17	2,083 17	-281 13	-281 13	S
			Total for 3/11/2014		2,083 17	2,083 17	-281 13	-281 13	
00287Y109	ABBVIE INC COM								
Sold		03/11/14	33	1,707 06					
Acq		11/25/11	33	1,707 06	897 30	897 30	809 76	809 76	L
			Total for 3/11/2014		897 30	897 30	809 76	809 76	
031162100	AMGEN INC COM								
Sold		03/11/14	26	3,233 30					
Acq		06/24/13	26	3,233 30	2,520 96	2,520 96	712 34	712 34	S
			Total for 3/11/2014		2,520 96	2,520 96	712 34	712 34	
037833100	APPLE INC COM								
Sold		03/11/14	3	1,610 32					
Acq		12/29/08	3	1,610 32	258 36	258 36	1,351 96	1,351 96	L
			Total for 3/11/2014		258 36	258 36	1,351 96	1,351 96	
054937107	BB&T CORP COM								
Sold		03/11/14	52	2,023 28					
Acq		06/24/13	52	2,023 28	1,735 73	1,735 73	287 55	287 55	S
			Total for 3/11/2014		1,735 73	1,735 73	287 55	287 55	
09247X101	BLACKROCK INC CL A COM								
Sold		03/11/14	66	20,333 25					
Acq		04/29/13	66	20,333 25	17,681 40	17,681 40	2,651 85	2,651 85	S
			Total for 3/11/2014		17,681 40	17,681 40	2,651 85	2,651 85	
125896100	CMS ENERGY CORP COM								
Sold		03/11/14	1927	53,570 24					
Acq		04/29/13	1615	44,896 70	48,127 00	48,127 00	-3,230 30	-3,230 30	S
Acq		06/24/13	312	8,673 54	8,342 72	8,342 72	330 82	330 82	S
			Total for 3/11/2014		56,469 72	56,469 72	-2,899 48	-2,899.48	
166764100	CHEVRON CORP COM								
Sold		03/11/14	22	2,516 53					
Acq		06/24/13	22	2,516 53	2,589 18	2,589 18	-72 65	-72 65	S
			Total for 3/11/2014		2,589 18	2,589 18	-72 65	-72 65	
20825C104	CONOCOPHILLIPS COM								
Sold		03/11/14	43	2,857 30					
Acq		04/29/13	43	2,857 30	2,571 38	2,571 38	285 92	285 92	S
			Total for 3/11/2014		2,571 38	2,571 38	285 92	285 92	
237194105	DARDEN RESTAURANTS INC COM								
Sold		03/11/14	815	40,936 82					
Acq		06/24/13	152	7,634 84	7,454 08	7,454 08	180 76	180 76	S
Acq		04/29/13	300	15,068 77	15,311 79	15,311 79	-243 02	-243 02	S

SunTrust
Statement of Capital Gains and Losses From Sales
(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)
THE THOMAS S. KENAN III, FDN, INC
Trust Year 7/1/2013 - 6/30/2014

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
237194105	DARDEN RESTAURANTS INC COM								
Sold		03/11/14	815	40,936 82					
Acq		01/26/11	313	15,721 75	14,250 86	14,250 86	1,470 89	1,470 89	L
Acq		07/18/11	50	2,511 46	2,631 63	2,631 63	-120 17	-120 17	L
			Total for 3/11/2014		39,648 36	39,648 36	1,288 46	1,288 46	
258620103	DOUBLELINE TOTAL RETURN BD-I								
Sold		03/11/14	172 827	1,889 00					
Acq		04/29/13	172 827	1,889 00	1,978 87	1,978 87	-89 87	-89 87	S
			Total for 3/11/2014		1,978 87	1,978 87	-89 87	-89 87	
263534109	DU PONT E I DE NEMOURS & CO COM								
Sold		03/11/14	33	2,179 61					
Acq		04/29/13	33	2,179 61	1,772 08	1,772 08	407 53	407 53	S
			Total for 3/11/2014		1,772 08	1,772 08	407 53	407 53	
26441C204	DUKE ENERGY CORP COM								
Sold		03/11/14	40	2,783 15					
Acq		04/29/13	40	2,783 15	3,013 98	3,013 98	-230 83	-230 83	S
			Total for 3/11/2014		3,013 98	3,013 98	-230 83	-230 83	
277911491	EATON VANCE FLTG-RT-I								
Sold		03/11/14	468 702	4,298 00					
Acq		07/15/13	468 702	4,298 00	4,293 31	4,293 31	4 69	4 69	S
			Total for 3/11/2014		4,293 31	4,293 31	4 69	4 69	
281020107	EDISON INTL COM								
Sold		03/11/14	999	50,618 55					
Acq		04/29/13	835	42,308 80	45,072 97	45,072 97	-2,764 17	-2,764 17	S
Acq		06/24/13	164	8,309 75	7,632 48	7,632 48	677 27	677 27	S
			Total for 3/11/2014		52,705 45	52,705 45	-2,086 90	-2,086 90	
291011104	EMERSON ELEC CO COM								
Sold		03/11/14	24	1,545 81					
Acq		07/18/11	24	1,545 81	1,323 55	1,323 55	222 26	222 26	L
			Total for 3/11/2014		1,323 55	1,323 55	222 26	222 26	
34984T600	FORUM ABSOLUTE STRATEGIES-I								
Sold		04/22/14	903 342	10,000 00					
Acq		04/29/13	903 342	10,000 00	10,216 80	10,216 80	-216 80	-216 80	S
			Total for 4/22/2014		10,216 80	10,216 80	-216 80	-216 80	
369604103	GENERAL ELEC CO COM								
Sold		03/11/14	123	3,181 03					
Acq		11/08/07	123	3,181 03	4,794 39	4,794 39	-1,613 36	-1,613 36	L
			Total for 3/11/2014		4,794 39	4,794 39	-1,613 36	-1,613 36	
370334104	GENERAL MILLS INC COM								
Sold		03/11/14	758	38,357 39					
Acq		08/12/11	400	20,241 37	14,461 68	14,461 68	5,779 69	5,779 69	L

SunTrust
Statement of Capital Gains and Losses From Sales
(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)
THE THOMAS S KENAN III, FDN, INC.
Trust Year 7/1/2013 - 6/30/2014

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
370334104	GENERAL MILLS INC COM								
Sold		03/11/14	758	38,357 39					
Acq		04/29/13	55	2,783 19	2,759 35	2,759 35	23 84	23 84	S
Acq		06/24/13	123	6,224 22	5,992 50	5,992 50	231.72	231 72	S
Acq		10/19/11	180	9,108 62	7,147 44	7,147 44	1,961 18	1,961 18	L
			Total for 3/11/2014		30,360 97	30,360 97	7,996 42	7,996 42	
458140100	INTEL CORP COM								
Sold		03/11/14	150	3,694 69					
Acq		04/29/13	150	3,694 69	3,568 50	3,568 50	126 19	126 19	S
			Total for 3/11/2014		3,568 50	3,568 50	126 19	126 19	
464288661	ISHARES BARCLAYS 3-7 YR TREAS BD ETF								
Sold		03/11/14	625	75,598 74					
Acq		04/29/13	625	75,598 74	77,568 75	77,568 75	-1,970 01	-1,970 01	S
			Total for 3/11/2014		77,568 75	77,568 75	-1,970 01	-1,970 01	
46625H100	JP MORGAN CHASE AND COM								
Sold		03/11/14	51	2,976 81					
Acq		11/08/07	51	2,976 81	2,151 18	2,151 18	825 63	825 63	L
			Total for 3/11/2014		2,151 18	2,151 18	825 63	825 63	
478160104	JOHNSON & JOHNSON COM								
Sold		03/11/14	33	3,080 16					
Acq		04/29/13	33	3,080 16	2,830 06	2,830 06	250 10	250 10	S
			Total for 3/11/2014		2,830 06	2,830 06	250 10	250 10	
532457108	LILLY ELI & CO COM								
Sold		03/11/14	52	3,044 02					
Acq		04/29/13	52	3,044 02	2,909 91	2,909 91	134 11	134 11	S
			Total for 3/11/2014		2,909 91	2,909 91	134 11	134 11	
55616P104	MACY'S INC COM								
Sold		03/11/14	39	2,312 26					
Acq		06/24/13	39	2,312 26	1,807 65	1,807 65	504 61	504 61	S
			Total for 3/11/2014		1,807 65	1,807 65	504 61	504 61	
563821545	MANNING & NAPIER WORLD OPPTYS-A								
Sold		07/15/13	1794 258	15,000 00					
Acq		04/18/11	948 49	7,929 38	8,507 96	8,507 96	-578 58	-578 58	L
Acq		02/22/11	845 768	7,070 62	7,595 00	7,595 00	-524 38	-524 38	L
			Total for 7/15/2013		16,102 96	16,102 96	-1,102 96	-1,102 96	
563821545	MANNING & NAPIER WORLD OPPTYS-A								
Sold		04/22/14	535 906	5,000 00					
Acq		04/18/11	535 906	5,000 00	4,807 08	4,807 08	192 92	192 92	L
			Total for 4/22/2014		4,807 08	4,807 08	192 92	192 92	

SunTrust
Statement of Capital Gains and Losses From Sales
(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)
THE THOMAS S. KENAN III, FDN, INC.
Trust Year 7/1/2013 - 6/30/2014

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
563821545	MANNING & NAPIER WORLD OPPTYS-A								
Sold		06/11/14	1054 852	10,000 00					
Acq		04/18/11	1054 852	10,000 00	9,462 02	9,462 02	537 98	537 98	L
			Total for 6/11/2014		9,462 02	9,462 02	537 98	537 98	
577081102	MATTEL INC COM								
Sold		03/11/14	1287	48,258 18					
Acq		06/24/13	212	7,949 29	9,185 96	9,185 96	-1,236 67	-1,236 67	S
Acq		04/29/13	1075	40,308 89	47,052 64	47,052 64	-6,743 75	-6,743 75	S
			Total for 3/11/2014		56,238 60	56,238 60	-7,980 42	-7,980 42	
58933Y105	MERCK AND INC COM								
Sold		03/11/14	47	2,667 67					
Acq		06/24/13	47	2,667 67	2,200 54	2,200 54	467 13	467 13	S
			Total for 3/11/2014		2,200 54	2,200 54	467 13	467 13	
594918104	MICROSOFT CORP COM								
Sold		03/11/14	46	1,743 82					
Acq		06/24/13	46	1,743 82	1,569 96	1,569 96	173 86	173 86	S
			Total for 3/11/2014		1,569 96	1,569 96	173 86	173 86	
64128K868	NEUBERGER BERMAN HIGH INCOME BD-I								
Sold		03/11/14	9708 909	92,234 64					
Acq		04/29/13	513 875	4,881 81	5,000 00	5,000 00	-118 19	-118 19	S
Acq		09/12/11	9195 034	87,352 83	81,468 00	81,468 00	5,884 83	5,884 83	L
			Total for 3/11/2014		86,468 00	86,468 00	5,766 64	5,766 64	
65339F101	NEXTERA ENERGY INC COM								
Sold		03/11/14	28	2,553 83					
Acq		04/29/13	28	2,553 83	2,269 67	2,269 67	284 16	284 16	S
			Total for 3/11/2014		2,269 67	2,269 67	284 16	284 16	
713448108	PEPSICO INC COM								
Sold		03/11/14	32	2,643 15					
Acq		04/29/13	32	2,643 15	2,647 98	2,647 98	-4 83	-4 83	S
			Total for 3/11/2014		2,647 98	2,647 98	-4 83	-4 83	
717081103	PFIZER INC COM								
Sold		03/11/14	86	2,788 07					
Acq		10/19/11	71	2,301 78	1,345 30	1,345 30	956 48	956 48	L
Acq		06/24/13	15	486 29	420 30	420 30	65 99	65 99	S
			Total for 3/11/2014		1,765 60	1,765 60	1,022 47	1,022 47	
718172109	PHILIP MORRIS INTL COM								
Sold		03/11/14	25	1,985 46					
Acq		07/18/11	25	1,985 46	1,674 99	1,674 99	310 47	310 47	L
			Total for 3/11/2014		1,674 99	1,674 99	310 47	310 47	

SunTrust
Statement of Capital Gains and Losses From Sales
(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)
THE THOMAS S KENAN III, FDN, INC
Trust Year 7/1/2013 - 6/30/2014

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
76628T678	RIDGEWORTH FD-SEIX FLT HGH INCM RGCJ								
Sold		07/15/13	10311 658	93,011 16					
Acq		04/29/13	4625 551	41,722 47	42,000 00	42,000 00	-277 53	-277 53	S
Acq		12/29/08	580 552	5,236 58	4,000 00	4,000 00	1,236 58	1,236 58	L
Acq		07/27/09	5105 555	46,052 11	42,325 04	42,325 04	3,727 07	3,727 07	L
			Total for 7/15/2013		88,325 04	88 325 04	4,686 12	4,686 12	
780259206	ROYAL DUTCH SHELL PLC SPONS ADR								
Sold		10/17/13	645	42,666 07					
Acq		04/29/13	540	35,720 43	36,476 73	36,476 73	-756 30	-756 30	S
Acq		06/24/13	105	6,945 64	6,707 39	6,707 39	238 25	238 25	S
			Total for 10/17/2013		43,184 12	43,184 12	-518 05	-518 05	
842587107	SOUTHERN CO COM								
Sold		07/15/13	985	44,856 22					
Acq		04/29/13	825	37,569 93	39,814 09	39,814 09	-2,244 16	-2,244 16	S
Acq		06/24/13	160	7,286 29	6,929 52	6,929 52	356 77	356 77	S
			Total for 7/15/2013		46,743 61	46,743 61	-1,887 39	-1,887 39	
911312106	UNITED PARCEL SVC INC CL B COM								
Sold		03/11/14	23	2,265 92					
Acq		04/29/13	23	2,265 92	1,984 21	1,984 21	281 71	281 71	S
			Total for 3/11/2014		1,984 21	1,984 21	281 71	281.71	
92206C755	VANGUARD MTG BACKED SECS INDEX-S								
Sold		03/11/14	3576 538	73,962 81					
Acq		04/29/13	3576 538	73,962 81	75,000 00	75,000 00	-1,037 19	-1,037 19	S
			Total for 3/11/2014		75,000 00	75,000 00	-1,037 19	-1,037 19	
92343V104	VERIZON COMMUNICATIONS COM								
Sold		03/11/14	61	2,832 18					
Acq		04/29/13	61	2,832 18	3,255 55	3,255 55	-423 37	-423 37	S
			Total for 3/11/2014		3,255 55	3,255 55	-423 37	-423 37	
949746101	WELLS FARGO & CO COM NEW								
Sold		03/11/14	46	2,202 44					
Acq		04/01/08	46	2,202 44	1,419 56	1,419 56	782 88	782 88	L
			Total for 3/11/2014		1,419 56	1,419 56	782 88	782 88	
969457100	WILLIAMS COS INC COM								
Sold		03/11/14	46	1,917 24					
Acq		04/29/13	40	1,667 17	1,531 60	1,531 60	135 57	135 57	S
Acq		06/24/13	6	250 07	192 35	192 35	57 72	57 72	S
			Total for 3/11/2014		1,723 95	1,723 95	193 29	193 29	

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Statement of Capital Gains and Losses From Sales

(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)

THE THOMAS S. KENAN III, FDN, INC.

Trust Year 7/1/2013 - 6/30/2014

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
N53745100	LYONDELLBASELL INDS NV CL A COM								
Sold		03/11/14	28	2,544 31					
Acq		06/24/13	28	2,544 31	1,826 44	1,826 44	717 87	717 87	S
			Total for 3/11/2014		1,826 44	1,826 44	717 87	717 87	
			Total for Account 7905120		776,420 89	776,420 89	10,861 64	10,861 64	

Total Proceeds·		Fed	State
787,282 53	S/T Gain/Loss	-12,352 43	-12,352 43
	L/T Gain/Loss	23,214 07	23,214 07

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Statement Period June 1 , 2014 - June 30, 2014

Account Number 7905120

THE THOMAS S. KENAN III, FDN, INC

Account Statement

Portfolio Detail

ASSET DESCRIPTION	NO OF SHARES/ PAR VALUE	UNIT PRICE	MARKET VALUE	PERCENT OF PORTFOLIO	TAX COST BASIS	ESTIMATED ANNUAL INCOME	ACCRUED INCOME	YIELD AT MARKET
INCOME PORTFOLIO								
Short Term Investments								
PWM FIDUCIARY MASTER DEP ACCT	3,776.820	1.000	3,776 82	0 09	3,776 82	1	0.15	0 05
Total Short Term Investments			**$3,776.82**	**0.09%**	**$3,776.82**	**$1**	**$0.15**	**0.05%**
Total Income Portfolio			**$3,776.82**	**0.09%**	**$3,776.82**	**$1**	**$0.15**	**0.05%**
PRINCIPAL PORTFOLIO								
Short Term Investments								
PWM FIDUCIARY MASTER DEP ACCT	5,788.550	1.000	5,788.55	0.14	5,788.55	2	0.18	0 05
Total Short Term Investments			**$5,788.55**	**0.14%**	**$5,788.55**	**$2**	**$0.18**	**0.04%**
Bonds								
DOUBLELINE TOTAL RETURN BOND FUND	16,202.719	10.990	178,067.88	4.35	185,521.13	9,105	748.43	5.11
EATON VANCE FLOATING-RATE FUND	9,629.551	9.150	88,110.39	2.15	88,206.69	3,312	267.84	3 76
GOLDMAN SACHS LOCAL EMERGING MARKETS DEBT FUND	8,642.936	8.640	74,674 97	1.82	84,376.00	3,863	366.51	5.17
ISHARES BARCLAYS 3-7 YEAR ETF	888.000	121.800	108,158 40	2.64	110,209.68	1,061	0 00	0 98
OSTERWEIS STRATEGIC INCOME FUND	7,334.136	11.980	87,862.95	2.14	88,303.00	3,784	145 16	4.31
PIMCO EMERGING LOCAL BOND INSTL FD	7,718.571	9.700	74,870.14	1.83	84,058.00	3,496	9.47	4.67
PIMCO INVESTMENT GRADE CORPORATE BOND FUND	6,795 238	10.710	72,777.00	1.78	71,873 52	2,575	226.40	3 54
PIMCO 1-5 YEAR US TIPS INDEX ETF	1,330.000	53 570	71,248.10	1.74	70,756.00	412	186.20	0.58

Portfolio Detail

ASSET DESCRIPTION	NO OF SHARES/ PAR VALUE	UNIT PRICE	MARKET VALUE	PERCENT OF PORTFOLIO	TAX COST BASIS	ESTIMATED ANNUAL INCOME	ACCRUED INCOME	YIELD AT MARKET
Bonds - continued								
WESTERN ASSET MORTGAGE BACKED SECURITIES FUND	6,556.070	10 970	71,920.09	1.76	70,740.00	3,304	213.42	4 59
Total Bonds			**$827,689.92**	**20.21%**	**$854,044.02**	**$30,915**	**$2,163.43**	**3.73%**
Common Stocks								
ABBVIE INC	600.000	56.440	33,864.00	0.83	8,552.22	1,008	0.00	2.98
AMGEN INC	337.000	118.370	39,890.69	0.97	20,927.94	822	0.00	2 06
APPLE INC	455.000	92.930	42,283.15	1 03	5,597.80	855	0.00	2 02
ARTISAN PARTNERS	533.000	56.680	30,210 44	0 74	31,009.47	1,172	0.00	3 88
AT&T INC	1,137.000	35.360	40,204.32	0.98	41,830.70	2,092	0 00	5 20
BB&T CORPORATION	983.000	39.430	38,759.69	0.95	26,657 48	943	0.00	2.43
BLACKROCK INC CL A	191.000	319.600	61,043 60	1.49	50,324.70	1,474	0.00	2 42
CAMBIAR SMALL CAP FUND	1,918.119	24.030	46,092.40	1.12	38,861.10	0	0.00	0.00
CENTERPOINT ENERGY INC	919 000	25 540	23,471.26	0.57	21,394.32	873	0.00	3 72
CHEVRON CORPORATION	369.000	130.550	48,172 95	1.18	24,837.69	1,579	0.00	3.28
CONOCOPHILLIPS	754.000	85.730	64,640.42	1.58	45,083 54	2,081	0.00	3 22
DOW CHEMICAL COMPANY	1,116.000	51.460	57,429 36	1 40	55,204.73	1,651	412.92	2.88
DU PONT E I DE NEMOURS & CO	625.000	65.440	40,900.00	1.00	33,456.36	1,125	0 00	2 75
DUKE ENERGY CORP	902.000	74.190	66,919.38	1 63	66,483.17	2,814	0 00	4 20
EATON VANCE ATLANTA CAPITAL SMID CAP FUND	4,396.678	24 940	109,653 15	2 68	90,000.00	0	0 00	0 00
EMERSON ELEC CO	608 000	66.360	40,346 88	0.98	31,036 92	1,045	0.00	2 59
GENERAL ELECTRIC CORP	2,618 000	26 280	68,801.04	1 68	64,042.78	2,303	575 96	3 35

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Statement Period
June 1 , 2014 - June 30, 2014

Account Number
7905120
THE THOMAS S. KENAN III, FDN, INC.

Account Statement

Portfolio Detail

ASSET DESCRIPTION	NO OF SHARES/ PAR VALUE	UNIT PRICE	MARKET VALUE	PERCENT OF PORTFOLIO	TAX COST BASIS	ESTIMATED ANNUAL INCOME	ACCRUED INCOME	YIELD AT MARKET
***Common Stocks** - continued*								
HOME DEPOT INC	553.000	80 960	44,770.88	1.09	44,980 96	1,039	0.00	2.32
INTEL CORP	2,525.000	30.900	78,022.50	1.90	60,060.83	2,272	0.00	2.91
JOHNSON & JOHNSON	626 000	104.620	65,492 12	1.60	53,599 35	1,752	0.00	2.68
JP MORGAN CHASE & CO	1,078.000	57.620	62,114.36	1.52	39,568 02	1,724	0 00	2.78
KLA-TENCOR CORP	537.000	72.640	39,007.68	0.95	35,654 28	966	0.00	2.48
LILLY ELI & CO	911.000	62.170	56,636.87	1.38	49,960 31	1,785	0.00	3.15
LOCKHEED MARTIN CORP	142.000	160.730	22,823 66	0.56	23,351.18	755	0 00	3.31
LYONDELLBASELL INDUSTRIES NV	545.000	97.650	53,219.25	1.30	33,605 15	1,526	0 00	2.87
MACY'S INC	763.000	58.020	44,269.26	1 08	21,069.59	953	238.44	2.15
MANNING & NAPIER FUND INC-WORLD OPPORTUNITIES SERIES FUND	54,963.993	9.510	522,707.57	12.76	453,363.19	5,661	0 00	1.08
MERCK & CO INC	963.000	57.850	55,709.55	1.36	27,252.96	1,694	423 72	3.04
MICROSOFT CORP	958.000	41.700	39,948.60	0 97	31,326.86	1,072	0.00	2.69
NEW YORK CMNTY BANCORP INC	2,832 000	15.980	45,255.36	1.10	45,351 36	2,832	0.00	6.26
NEXTERA ENERGY INC	622.000	102.480	63,742.56	1.56	50,200.16	1,803	0 00	2.83
OPPENHEIMER DEVELOPING MARKETS FUND	7,089 217	39.820	282,292.62	6 89	229,208.14	1,155	0.00	0.41
PEPSICO INC	613.000	89.340	54,765.42	1.34	44,723.92	1,606	0.00	2 93
PFIZER INC	1,744.000	29 680	51,761.92	1.26	32,802.47	1,813	0.00	3.50
PHILIP MORRIS INTERNATIONAL	478 000	84.310	40,300.18	0.98	25,093.85	1,797	449.32	4.46
SEAGATE TECHNOLOGY PLC	475.000	56.820	26,989 50	0.66	23,844.05	817	0 00	3.03
T.-ROWE PRICE DIVERSIFIED SMALL-CAP GROWTH FUND INC	2,107.127	25.650	54,047.81	1.32	37,738 64	0	0.00	0.00

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Portfolio Detail

ASSET DESCRIPTION	NO OF SHARES/ PAR VALUE	UNIT PRICE	MARKET VALUE	PERCENT OF PORTFOLIO	TAX COST BASIS	ESTIMATED ANNUAL INCOME	ACCRUED INCOME	YIELD AT MARKET
***Common Stocks** - continued*								
TOTAL S.A. SPONSORED AMERICAN DEPOSITORY RECEIPT	834.000	72.200	60,214 80	1.47	53,715 62	2,278	0.00	3 78
UNITED PARCEL SERVICE CL B	399.000	102.660	40,961.34	1 00	25,544.70	1,069	0.00	2 61
VERIZON COMMUNICATIONS	1,268 000	48.930	62,043.24	1.51	52,716.71	2,688	0.00	4.33
WELLS FARGO & CO	834.000	52.560	43,835.04	1 07	24,328.22	1,167	0 00	2.66
WILLIAMS COS INC	1,291.000	58 210	75,149.11	1.83	29,520 91	2,194	0 00	2.92
Total Common Stocks			**$2,838,763.93**	**69.27%**	**$2,203,882.35**	**$64,272**	**$2,100.36**	**2.26%**
Other								
ABERDEEN EQUITY LONG SHORT FUND	8,058 234	12.380	99,760 94	2.43	89,959.96	0	0.00	0.00
ABSOLUTE STRATEGIES FUND	10,762.474	11.090	119,355.84	2.91	117,803.91	0	0.00	0 00
WASATCH LONG/SHORT FUND	11,922.431	16.960	202,204.43	4.94	180,000.00	0	0.00	0 00
Total Other			**$421,321.21**	**10.28%**	**$387,763.87**	**$0**	**$0.00**	**0.00%**
Miscellaneous								
CLASS ACTION PENDING SEARS, ROEBUCK & CO ON RCPT OF FINAL PMT	1 000	0 000	0 00	0.00	0 00	0	0.00	0.00
CLASS ACTION PENDING XEROX CORP ON RCPT OF FINAL PMT	1.000	0 000	0 00	0 00	0 00	0	0.00	0 00