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

2015

Open to Public Inspection

For calendar year 2015 or tax year beginning JUL 1, 2015 , and ending JUN 30, 2016

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)* ▶$ 3,628,441.

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				
	4 Dividends and interest from securities	104,197.	104,197.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	<54,541.>			
	b Gross sales price for all assets on line 6a 1,294,323.				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income				
	12 **Total.** Add lines 1 through 11	49,656.	104,197.		
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 2	4,526.	0.		4,526.
	c Other professional fees STMT 3	29,465.	29,465.		0.
	17 Interest				
	18 Taxes STMT 4	1,345.	0.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 5	20.	0.		20.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	35,356.	29,465.		4,546.
	25 Contributions, gifts, grants paid	194,500.			194,500.
	26 **Total expenses and disbursements.** Add lines 24 and 25	229,856.	29,465.		199,046.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	<180,200.>			
	b **Net investment income** (if negative, enter -0-)		74,732.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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

			Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing	2,675.	1,924.	1,924.
	2	Savings and temporary cash investments	74,023.	46,287.	46,287.
	3	Accounts receivable ▶			
		Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons			
	7	Other notes and loans receivable ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock STMT 7	2,170,658.	2,284,602.	2,699,370.
	c	Investments - corporate bonds STMT 8	918,528.	882,489.	880,860.
	11	Investments - land, buildings, and equipment: basis ▶			
		Less accumulated depreciation ▶			
	12	Investments - mortgage loans			
	13	Investments - other STMT 9	230,000.	0.	0.
	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)	3,395,884.	3,215,302.	3,628,441.
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	3,395,884.	3,215,302.	
	30	**Total net assets or fund balances**	3,395,884.	3,215,302.	
	31	**Total liabilities and net assets/fund balances**	3,395,884.	3,215,302.	

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	3,395,884.
2	Enter amount from Part I, line 27a	2	<180,200.>
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	3,215,684.
5	Decreases not included in line 2 (itemize) ▶ SEE STATEMENT 6	5	382.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,215,302.

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 STATEMENT	P		
b	SEE STATEMENT	P		
c	ADDITIONAL BASIS			
d	CAPITAL GAINS DIVIDENDS			
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	136,656.		140,476.	<3,820.>
b	1,143,261.		1,207,570.	<64,309.>
c			818.	<818.>
d	14,406.			14,406.
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				<3,820.>
b				<64,309.>
c				<818.>
d				14,406.
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	<54,541.>
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))
2014	183,940.	3,933,994.	.046757
2013	174,358.	3,866,876.	.045090
2012	169,768.	3,667,824.	.046286
2011	179,877.	3,439,115.	.052303
2010	158,930.	3,565,288.	.044577

2 **Total** of line 1, column (d)	2	.235013
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	.047003
4 Enter the net value of noncharitable-use assets for 2015 from Part X, line 5	4	3,597,482.
5 Multiply line 4 by line 3	5	169,092.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	747.
7 Add lines 5 and 6	7	169,839.
8 Enter qualifying distributions from Part XII, line 4	8	199,046.

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 ▶ [X] and enter 1% of Part I, line 27b		1	747.
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	747.
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	747.
6 Credits/Payments:			
a 2015 estimated tax payments and 2014 overpayment credited to 2015	6a 4,910.		
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	4,910.
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	4,163.
11 Enter the amount of line 10 to be: **Credited to 2016 estimated tax** ▶ 4,163. **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)? *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*	1b		X
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *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 2015 or the taxable year beginning in 2015 (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 ▶ 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 2015, 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 FinCEN Form 114. 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 2015?		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 2015, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2015?	☐ 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 2015 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 2015.)*	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 2015?		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 4945(d)(4)(A)? (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.

(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.

Form **990-PF** (2015)

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:			
a	Average monthly fair market value of securities		1a	3,565,548.
b	Average of monthly cash balances		1b	86,718.
c	Fair market value of all other assets		1c	
d	**Total** (add lines 1a, b, and c)		1d	3,652,266.
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	3,652,266.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)		4	54,784.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	3,597,482.
6	**Minimum investment return.** Enter 5% of line 5		6	179,874.

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	179,874.
2a	Tax on investment income for 2015 from Part VI, line 5	2a 747.		
b	Income tax for 2015. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	747.
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	179,127.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	179,127.
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	179,127.

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	199,046.
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	199,046.
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	747.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	198,299.

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 2014	(c) 2014	(d) 2015
1 Distributable amount for 2015 from Part XI, line 7				179,127.
2 Undistributed income, if any, as of the end of 2015				
a Enter amount for 2014 only			192,722.	
b Total for prior years: ______, ______, ______		0.		
3 Excess distributions carryover, if any, to 2015:				
a From 2010				
b From 2011				
c From 2012				
d From 2013				
e From 2014				
f **Total** of lines 3a through e	0.			
4 Qualifying distributions for 2015 from Part XII, line 4: ▶ $ 199,046.				
a Applied to 2014, but not more than line 2a			192,722.	
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 2015 distributable amount				6,324.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2015 (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 2014. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2015. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2016				172,803.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions)	0.			
8 Excess distributions carryover from 2010 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2016.** Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2011				
b Excess from 2012				
c Excess from 2013				
d Excess from 2014				
e Excess from 2015				

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 2015, 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) 2015	(b) 2014	(c) 2013	(d) 2012	(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				194,500.
Total			▶ **3a**	194,500.
b *Approved for future payment*				
NONE				
Total			▶ **3b**	0.

Part XVI-A **Analysis of Income-Producing Activities**

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) 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					
4 Dividends and interest from securities			14	104,197.	
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		
8 Gain or (loss) from sales of assets other than inventory			18	<54,541.>	
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.		49,656.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 49,656.

(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).

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 instr)? ☒ Yes ☐ No

▶ Thomas Kenan III ▶ Nov 9/16 ▶ Trustee

Signature of officer or trustee Date Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
STEVEN R. ARMSTRONG	Steven R Armstrong	11/8/16		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	

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 7/1/2015 - 6/30/2016

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
00206R102	AT&T INC COM								
Sold		07/06/15	10	355 34					
Acq		04/29/13	10	355 34	372 00	372.00	-16.66	-16 66	L
		Total for 7/6/2015			372 00	372 00	-16 66	-16 66	
00287Y109	ABBVIE INC COM								
Sold		07/06/15	2	136 34					
Acq		11/25/11	2	136.34	54 38	54.38	81.96	81.96	L
		Total for 7/6/2015			54 38	54 38	81 96	81 96	
037833100	APPLE INC COM								
Sold		07/06/15	3	376 95					
Acq		12/29/08	3	376 95	36 91	36 91	340 04	340 04	L
		Total for 7/6/2015			36.91	36 91	340.04	340 04	
054937107	BB&T CORP COM								
Sold		07/06/15	983	39,466 72					
Acq		08/15/11	90	3,613 43	1,896 64	1,896 64	1,716 79	1,716 79	L
Acq		06/24/13	119	4,777.76	3,972 16	3,972.16	805 60	805 60	L
Acq		04/29/13	215	8,632 09	6,619 74	6,619 74	2,012 35	2,012.35	L
Acq		07/18/11	80	3,211 94	2,000 69	2,000 69	1,211 25	1,211.25	L
Acq		01/26/11	179	7,186.72	4,890.28	4,890 28	2,296 44	2,296.44	L
Acq		09/30/10	300	12,044 78	7,277.97	7,277.97	4,766 81	4,766 81	L
		Total for 7/6/2015			26,657.48	26,657 48	12,809 24	12,809.24	
09247X101	BLACKROCK INC CL A COM								
Sold		07/06/15	3	1,025 87					
Acq		04/29/13	3	1,025 87	803.70	803.70	222 17	222 17	L
		Total for 7/6/2015			803 70	803.70	222 17	222 17	
13057Q107	CALIFORNIA RESOURCES CORP								
Sold		03/29/16	0 0899	09					
Acq		07/06/15	0 0899	0 09	.03	03	0 06	0 06	S
		Total for 3/29/2016			0.03	0.03	0 06	0 06	

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 7/1/2015 - 6/30/2016

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
13057Q107	CALIFORNIA RESOURCES CORP								
Sold		04/01/16	47	45 11					
Acq		07/06/15	42.4127	40.71	13.82	13.82	26.89	26 89	S
Acq		07/22/15	4 5873	4 40	1.40	1.40	3 00	3.00	S
			Total for 4/1/2016		15.22	15 22	29.89	29 89	
15189T107	CENTERPOINT ENERGY INC COM								
Sold		07/06/15	919	17,575.54					
Acq		03/11/14	919	17,575 54	21,394 32	21,394 32	-3,818 78	-3,818 78	L
			Total for 7/6/2015		21,394 32	21,394 32	-3,818.78	-3,818 78	
163851108	THE CHEMOURS COMPANY								
Sold		07/06/15	125	1,986 21					
Acq		06/24/13	21.6	343 22	275.11	275 11	68 11	68 11	L
Acq		04/29/13	103 4	1,642 99	1,341 43	1,341.43	301 56	301.56	L
			Total for 7/6/2015		1,616.54	1,616 54	369 67	369.67	
166764100	CHEVRON CORP COM								
Sold		07/06/15	369	35,058.04					
Acq		02/10/06	291	27,647.40	16,502 61	16,502 61	11,144.79	11,144.79	L
Acq		11/25/11	36	3,420 30	3,392.10	3,392 10	28 20	28 20	L
Acq		06/24/13	42	3,990 35	4,942 98	4,942 98	-952 63	-952.63	L
			Total for 7/6/2015		24,837.69	24,837 69	10,220.35	10,220.35	
263534109	DU PONT E I DE NEMOURS & CO COM								
Sold		07/06/15	3	179 13					
Acq		04/29/13	3	179 13	153 31	153 31	25 82	25 82	L
			Total for 7/6/2015		153 31	153 31	25.82	25.82	
26441C204	DUKE ENERGY CORP COM								
Sold		07/06/15	131	9,484 87					
Acq		04/29/13	131	9,484 87	9,870 78	9,870 78	-385 91	-385 91	L
			Total for 7/6/2015		9,870 78	9,870.78	-385 91	-385 91	

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)

Account Id: 7905120

THE THOMAS S. KENAN III, FDN, INC.
Trust Year 7/1/2015 - 6/30/2016

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
291011104	EMERSON ELEC CO COM								
Sold		07/06/15	608	33,633.94					
Acq		04/29/13	30	1,659 57	1,653 90	1,653 90	5.67	5 67	L
Acq		11/25/11	130	7,191 47	6,195 09	6,195 09	996 38	996 38	L
Acq		09/02/09	70	3,872 33	2,551.85	2,551 85	1,320 48	1,320.48	L
Acq		07/18/11	31	1,714.89	1,709.58	1,709 58	5 31	5 31	L
Acq		11/08/07	245	13,553 15	13,391.01	13,391 01	162.14	162 14	L
Acq		06/24/13	102	5,642 54	5,535 49	5,535.49	107 05	107 05	L
			Total for 7/6/2015		31,036.92	31,036 92	2,597.02	2,597 02	
369604103	GENERAL ELEC CO COM								
Sold		07/06/15	1227	32,269 50					
Acq		11/08/07	577	15,174 82	22,490 77	22,490 77	-7,315 95	-7,315.95	L
Acq		06/24/13	446	11,729 58	10,298.05	10,298 05	1,431 53	1,431 53	L
Acq		04/29/13	204	5,365 10	4,534 82	4,534 82	830 28	830 28	L
			Total for 7/6/2015		37,323 64	37,323.64	-5,054 14	-5,054.14	
437076102	HOME DEPOT INC COM								
Sold		07/06/15	7	777.15					
Acq		03/11/14	7	777 15	569 38	569.38	207.77	207.77	L
			Total for 7/6/2015		569.38	569 38	207.77	207 77	
458140100	INTEL CORP COM								
Sold		07/06/15	558	16,773 17					
Acq		04/29/13	558	16,773 17	13,274 82	13,274.82	3,498 35	3,498 35	L
			Total for 7/6/2015		13,274 82	13,274 82	3,498 35	3,498 35	
46434V696	ISHARES CORE MSCI PACIFIC ETF								
Sold		11/12/15	350	16,851.42					
Acq		07/06/15	350	16,851.42	17,895 26	17,895.26	-1,043.84	-1,043 84	S
			Total for 11/12/2015		17,895 26	17,895 26	-1,043.84	-1,043.84	

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)

Account Id: 7905120

THE THOMAS S. KENAN III, FDN, INC.
Trust Year 7/1/2015 - 6/30/2016

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
46625H100	JP MORGAN CHASE AND COM								
	Sold	07/06/15	12	804.76					
	Acq	11/08/07	12	804.76	506.16	506.16	298.60	298.60	L
			Total for 7/6/2015		506 16	506 16	298.60	298.60	
478160104	JOHNSON & JOHNSON COM								
	Sold	07/06/15	4	392.05					
	Acq	04/29/13	4	392 05	343.04	343 04	49.01	49.01	L
			Total for 7/6/2015		343 04	343 04	49.01	49.01	
482480100	KLA TENCOR CORP COM								
	Sold	07/06/15	134	7,529.32					
	Acq	03/11/14	134	7,529 32	8,219 60	8,344.22	-690 28	-814 90	L
			Total for 7/6/2015		8,219.60	8,344.22	-690.28	-814.90	
532457108	LILLY ELI & CO COM								
	Sold	07/06/15	2	171 42					
	Acq	04/29/13	2	171.42	111.92	111.92	59 50	59.50	L
			Total for 7/6/2015		111 92	111 92	59.50	59.50	
539830109	LOCKHEED MARTIN CORP COM								
	Sold	03/09/16	261	56,392 28					
	Acq	07/06/15	104	22,470 49	19,518.72	19,518.72	2,951.77	2,951.77	S
	Acq	03/11/14	142	30,680 86	23,351 18	23,351 18	7,329 68	7,329.68	L
	Acq	07/22/15	15	3,240 94	3,046 80	3,046 80	194.14	194 14	S
			Total for 3/9/2016		45,916.70	45,916 70	10,475.58	10,475.58	
55616P104	MACY'S INC COM								
	Sold	07/06/15	5	336 66					
	Acq	06/24/13	5	336.66	231 75	231.75	104 91	104.91	L
			Total for 7/6/2015		231.75	231.75	104.91	104.91	
563821545	MANNING & NAPIER WORLD OPPTYS-A								
	Sold	07/06/15	54963.993	407,283 19					
	Acq	05/05/10	7224 335	53,532 32	57,000 00	57,000 00	-3,467 68	-3,467.68	L
	Acq	05/01/13	12224 939	90,586 80	100,000.00	100,000 00	-9,413 20	-9,413 20	L

Statement of Capital Gains and Losses From Sales
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Account Id: 7905120

THE THOMAS S. KENAN III, FDN, INC.

Trust Year 7/1/2015 - 6/30/2016

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
563821545	MANNING & NAPIER WORLD OPPTYS-A								
Sold		07/06/15	54963 993	407,283.19					
Acq		02/12/10	3238 342	23,996 11	25,000 00	25,000 00	-1,003.89	-1,003 89	L
Acq		11/24/09	3109.453	23,041 05	25,000 00	25,000.00	-1,958 95	-1,958.95	L
Acq		11/06/09	7585.335	56,207.33	60,000 00	60,000 00	-3,792 67	-3,792 67	L
Acq		01/26/11	6029.931	44,681 79	53,304.60	53,304.60	-8,622 81	-8,622 81	L
Acq		04/18/11	1537 19	11,390 58	13,788 59	13,788 59	-2,398 01	-2,398.01	L
Acq		07/18/11	7817 292	57,926.13	68,714 00	68,714 00	-10,787 87	-10,787 87	L
Acq		08/15/11	1295 215	9,597 54	10,556.00	10,556.00	-958 46	-958 46	L
Acq		03/15/10	4901 961	36,323 53	40,000.00	40,000 00	-3,676 47	-3,676 47	L
			Total for 7/6/2015		453,363 19	453,363.19	-46,080 00	-46,080.00	
58933Y105	MERCK AND INC COM								
Sold		07/06/15	10	573 13					
Acq		06/24/13	10	573.13	468.20	468 20	104.93	104 93	L
			Total for 7/6/2015		468 20	468 20	104 93	104 93	
649445103	NEW YORK COMMUNITY BANCORP INC COM								
Sold		07/06/15	35	638 55					
Acq		03/11/14	35	638 55	560.49	560.49	78 06	78.06	L
			Total for 7/6/2015		560 49	560.49	78 06	78 06	
65339F101	NEXTERA ENERGY INC COM								
Sold		07/06/15	6	598 81					
Acq		04/29/13	6	598 81	486 36	486 36	112 45	112.45	L
			Total for 7/6/2015		486 36	486 36	112 45	112.45	
683974505	OPPENHEIMER DEVELOPING MKTS INSTL-Y								
Sold		07/06/15	4366 812	150,000 00					
Acq		01/26/11	1363 672	46,842 14	47,742 14	47,742 14	-900 00	-900 00	L
Acq		04/29/13	2856 327	98,114 84	100,000 00	100,000 00	-1,885 16	-1,885 16	L
Acq		02/23/11	146 813	5,043 03	4,934 39	4,934 39	108 64	108.64	L
			Total for 7/6/2015		152,676.53	152,676 53	-2,676 53	-2,676.53	
683974505	OPPENHEIMER DEVELOPING MKTS INSTL-Y								
Sold		07/15/15	433 025	15,000.00					
Acq		03/15/10	146 896	5,088 48	4,199 75	4,199.75	888 73	888.73	L

Statement of Capital Gains and Losses From Sales
(Does not include capital gain distributions from mutual funds or CTF's - See Tax Transaction Detail)

Account Id: 7905120

THE THOMAS S. KENAN III, FDN, INC.
Trust Year 7/1/2015 - 6/30/2016

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
683974505	OPPENHEIMER DEVELOPING MKTS INSTL-Y								
Sold		07/15/15	433 025	15,000 00					
Acq		02/23/11	220 607	7,641 83	7,414.61	7,414 61	227 22	227 22	L
Acq		08/15/11	65.522	2,269 68	2,117 00	2,117.00	152 68	152.68	L
			Total for 7/15/2015		13,731 36	13,731.36	1,268.64	1,268 64	
713448108	PEPSICO INC COM								
Sold		07/06/15	4	377 77					
Acq		04/29/13	4	377 77	331.00	331.00	46.77	46.77	L
			Total for 7/6/2015		331 00	331 00	46 77	46.77	
717081103	PFIZER INC COM								
Sold		07/06/15	16	531.43					
Acq		10/19/11	16	531.43	303 17	303.17	228.26	228 26	L
			Total for 7/6/2015		303.17	303.17	228.26	228 26	
718172109	PHILIP MORRIS INTL COM								
Sold		07/06/15	240	19,422 86					
Acq		01/15/08	203	16,428 50	11,069.10	11,069 10	5,359.40	5,359 40	L
Acq		07/18/11	13	1,052.07	871.00	871 00	181 07	181 07	L
Acq		01/16/08	24	1,942 29	1,304 50	1,304.50	637 79	637.79	L
			Total for 7/6/2015		13,244.60	13,244 60	6,178 26	6,178 26	
72201F516	PIMCO EMERGING LOCAL BD-I								
Sold		07/06/15	7718.571	59,587.37					
Acq		04/29/13	6726 457	51,928 25	73,706 15	74,310 80	-21,777 90	-22,382 55	L
Acq		03/11/14	992.114	7,659 12	8,935.32	9,024 50	-1,276.20	-1,365 38	L
			Total for 7/6/2015		82,641 47	83,335 30	-23,054.10	-23,747 93	
742935489	OSTERWEIS STRATEGIC INCOME-I								
Sold		03/04/16	11651 925	122,694.77					
Acq		03/11/14	7334 136	77,228.45	88,303.00	88,303 00	-11,074.55	-11,074.55	L
Acq		04/28/15	4317 789	45,466 32	50,000 00	50,000.00	-4,533.68	-4,533 68	S
			Total for 3/4/2016		138,303.00	138,303.00	-15,608.23	-15,608.23	

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 7/1/2015 - 6/30/2016

Account Id: 7905120

Type	Description	Date	Shares	Price	Fed Cost	State Cost	Fed Gain	State Gain	(Type)
89151E109	TOTAL SA SPONS ADR								
Sold		07/06/15	7	332.45					
Acq		03/11/14	7	332 45	450 85 ☐	450 85	-118.40	-118 40	L
		Total for 7/6/2015			450.85	450.85	-118.40	-118.40	
92343V104	VERIZON COMMUNICATIONS COM								
Sold		07/06/15	371	17,369 94					
Acq		04/29/13	259	12,126 18	13,822 72 ☐	13,822.72	-1,696.54	-1,696 54	L
Acq		06/24/13	112	5,243 76	5,523.78 ☐	5,523 78	-280.02	-280 02	L
		Total for 7/6/2015			19,346 50	19,346.50	-1,976 56	-1,976.56	
936793769	WASATCH LONG/SHORT-I								
Sold		07/22/15	11922 431	163,694 98					
Acq		04/29/13	6631.3	91,047 75	100,000 00 ☐	100,000 00	-8,952 25	-8,952 25	L
Acq		07/15/13	3505.417	48,129 38	55,000.00 ☐	55,000.00	-6,870 62	-6,870 62	L
Acq		09/20/12	1785 714	24,517 85	25,000 00 ☐	25,000.00	-482 15	-482 15	L
		Total for 7/22/2015			180,000 00	180,000 00	-16,305.02	-16,305.02	
94987W737	WFA ABSOLUTE RETURN FUND-INS								
Sold		07/22/15	4432.624	48,581 56					
Acq		04/28/15	4432.624	48,581 56	50,000.00 ☐	50,000 00	-1,418 44	-1,418.44	S
		Total for 7/22/2015			50,000.00	50,000 00	-1,418.44	-1,418 44	
969457100	WILLIAMS COS INC COM								
Sold		07/06/15	28	1,607 87					
Acq		06/24/13	28	1,607 87	897.61 ☐	897.61	710 26	710 26	L
		Total for 7/6/2015			897 61	897 61	710 26	710 26	
		Total for Account: 7905120			1,348,045 88	1,348,864.33	-68,129 32	-68,947.77	

Total Proceeds:

1,279,916 56

	Fed	State
S/T Gain/Loss	-3,820 11	-3,820 11
L/T Gain/Loss	-64,309 21	-65,127 66

The Thomas S. Kenan III Foundation, Inc.
Form 990-PF
Year Ended June 30, 2016
EIN 56-1816652

PART XV - SUPPLEMENTARY INFORMATION
3. GRANTS AND CONTRIBUTIONS PAID DURING DURING THE YEAR OR APPROVED FOR FUTURE PAYMENT

Name and Address	Foundation Status	Purpose of Grant Or Contribution	Amount
Aspen Music Festival and School 225 Music School Road Aspen, Colorado 81611	PC	Designated for Annual Opera Benefit	5,000
Boys & Girls Harbor 1 East 104th Street @ Fifth Avenue New York, NY 10029-4495	PC	Support the mission to empower children & their families to become full, productive participants in society through education, cultural enrichment & social services	2,500
Carolina Ballet 3401-131 Atlantic Avenue Raleigh, NC 27604	PC	Support live music at Carolina Ballet performances	12,000
Chamber Orchestra of the Triangle 1213 E Franklin Street Chapel Hill, NC 27514	PC	Support the operations of the Orchestra	5,000
Cultural Council of Palm Beach County 601 Lake Avenue Lake Worth, FL 33460	PC	Support providing grants to local organizations and professional artists developing and advocating for cultural funding and enhancing arts education	1,000
Dancing Classrooms 25 West 31st Street, 4th Floor New York, NY 10001	PC	Support the mission to cultivate essential life skills in children through the art of social dance	2,500
Dental Foundation of NC, Inc UNC School of Dentistry Office of Adm CB 7450 Chapel Hill, NC 27599-7450	PC	Support annual scholarships, fellowships and faculty professorships and awards - designated for Mexico Project 202096	2,500
Duplin County Education Foundation PO Box 128 Kenansville, NC 28349	PC	Support the purpose of Duplin County Education Fnd To provide an organization which will coordinate, encourage and assist education functions and activities, provide financial support, and leadership ability	1,000
Durham Nativity School PO Box 3537 Durham, NC 27702	PC	Undesignated grant for operations of the School to provide a learning experience for socioeconomically disadvantaged and at-risk boys who might not otherwise have access to a quality education	2,500
Executive Mansion Fund, Inc 5 East Edenton Street Raleigh, NC 27601	PC	Challenge Grant for support of the historic North Carolina Executive Mansion	15,000
Florida International University 11200 S W 8th Street, MARC 515 Miami, FL 33199	PC	Designated for support of FIU ForEverglades Scholarship Fund	10,000

Name and Address	Foundation Status	Purpose of Grant Or Contribution	Amount
Key West Art & Historical Society 281 Front Street Key West, FL 33040	PC	Designated for the support of Key West Art & Historical Society to preserve the culture of the Florida Keys through exhibiting and displaying regional art, architecture and history for the purpose of educating the community and visiting public	12,000
Kidznotes PO Box 200 Durham, NC 27702	PC	Support the operations of KidzNotes	1,000
Medical Foundation of NC 880 MLK Jr Blvd Chapel Hill, NC 27514-2600	PC	Designated for Support of the UNC Hospice Facility Designated for Support of the UNC Hospice Facility	13,000 12,000
Miami Lighthouse for the Blind & Visually Impaired 601 Southwest 8th Avenue Miami, Florida 33130	PC	Support the operations of Miami Lighthouse for the Blind to prepare blind students to achieve a college degree	10,000
Millbrook School 131 Millbrook School Road Millbrook, NY 12545	PC	Designated for the Annual Fund to support supplemental tuition income and operations of the school	2,500
National Campaign to Stop Violence 2021 Massachusetts Avenue NW Washington, DC 20036	PC	Designated for the support of the "Do the Write Thing" Challenge Program in Palm Beach	10,000
National Tropical Botanical Garden 3530 Papalina Road Kalaheo, HI 96741	PC	Designated for the APGA National Conference at the Kampong to raise the visibility of the NTBP and the Kampong	6,000
NC Arts In Action PO Box 51277 Durham, North Carolina 27717	PC	Help children reach full potential using performing arts as the catalyst to build focus, discipline, self-esteem, team work and leadership	5,000
NC Zoo Society 4403 Zoo Parkway Asheboro, NC 27205	PC	Grant - designated for general operations of the Zoo	1,000
Preservation Chapel Hill 610 East Rosemary Street Chapel Hill, NC 27514	PC	Grant to cover grounds and garden maintenance Grant to fund a semester-long public outreach course	1,000 1,500
RiverRun International Fild Festival 305 W Fourth Street, Suite 1A Winston-Salem, NC 27101	PC	Support RiverRun a non-profit cultural organization dedicated to the role of the cinema as a conduit of powerful ideas and diverse viewpoints	10,000
The Arts and Sciences Foundation 134 E Franklin Street, CB6115 Durham, North Carolina 27702-5411	PS	Grant designated for the Tom Kenan Hill Hall Registrar Office Renovation - in honor of Douglas Zinn	25,000
The Arts Center 300-G East Main Street Carrboro, NC 27510	PC	Grant to support the operations of the ArtsCenter in order to educate and inspire artistic creativity and to enrich the lives of people of all ages	2,500

The Thomas S. Kenan III Foundation, Inc.
Form 990-PF
Year Ended June 30, 2016
EIN 56-1816652

Name and Address	Foundation Status	Purpose of Grant Or Contribution	Amount
The Carolina Theatre of Durham, Inc 309 West Morgan Street Durham, NC 27701-2119	PC	Grant to support the campaign to save the Theatre	12,000
The Salvation Army 50 Cottage Street Lockport, New York 14094-4342	PC	Grant for general support of operations	1,000
The Friday Center for Continuing Education Campus Box 1020, The Friday Center Chapel Hill,NC 27599-1020	PC	Grant to support 25th Anniversary fundraiser	2,500
Washington National Cathedral Massachusetts and Wisconsin Avenues NW Washington, DC 20016-5098	PC	Grant - undesignated for general operations of the Cathedral	5,000
North Carolina Public Radio - WUNC 120 Friday Center Drive Chapel Hill, NC 27517	PC	Designated for general support of WUNC-FM	2,500
		TOTAL GRANTS PAID	$ 194,500

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
SUNTRUST-DIVIDENDS	118,603.	14,406.	104,197.	104,197.	
TO PART I, LINE 4	118,603.	14,406.	104,197.	104,197.	

FORM 990-PF ACCOUNTING FEES STATEMENT 2

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
KENAN MANAGEMENT, INC	4,226.	0.		4,226.
SUNTRUST ACCOUNTING FEE	300.	0.		300.
TO FORM 990-PF, PG 1, LN 16B	4,526.	0.		4,526.

FORM 990-PF OTHER PROFESSIONAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
SUNTRUST INVESTMENT FEE	29,465.	29,465.		0.
TO FORM 990-PF, PG 1, LN 16C	29,465.	29,465.		0.

FORM 990-PF TAXES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAXES	1,345.	0.		0.
TO FORM 990-PF, PG 1, LN 18	1,345.	0.		0.

FORM 990-PF	OTHER EXPENSES			STATEMENT 5
DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
OTHER	20.	0.		20.
TO FORM 990-PF, PG 1, LN 23	20.	0.		20.

FORM 990-PF OTHER DECREASES IN NET ASSETS OR FUND BALANCES	STATEMENT 6
DESCRIPTION	AMOUNT
TAX COST ADJUSTMENT - ROC	377.
PRIOR YEAR	5.
TOTAL TO FORM 990-PF, PART III, LINE 5	382.

FORM 990-PF CORPORATE STOCK		STATEMENT 7
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE SCHEDULE	2,284,602.	2,699,370.
TOTAL TO FORM 990-PF, PART II, LINE 10B	2,284,602.	2,699,370.

FORM 990-PF CORPORATE BONDS		STATEMENT 8
DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
SEE SCHEDULE	882,489.	880,860.
TOTAL TO FORM 990-PF, PART II, LINE 10C	882,489.	880,860.

FORM 990-PF OTHER INVESTMENTS STATEMENT 9

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
SEE SCHEDULE	FMV	0.	0.
TOTAL TO FORM 990-PF, PART II, LINE 13		0.	0.

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	15,348.860	1.000	15,348.86	0.42	15,348.86	26	1.36	0.17
Total Short Term Investments			**$15,348.86**	**0.42%**	**$15,348.86**	**$26**	**$1.36**	**0.16%**
Total Income Portfolio			**$15,348.86**	**0.42%**	**$15,348.86**	**$26**	**$1.36**	**0.16%**
PRINCIPAL PORTFOLIO								
Short Term Investments								
PWM FIDUCIARY MASTER DEP ACCT	30,938.080	1.000	30,938.08	0.85	30,938.08	52	4.34	0.17
Total Short Term Investments			**$30,938.08**	**0.85%**	**$30,938.08**	**$52**	**$4.34**	**0.16%**
Bonds								
DOUBLELINE TOTAL RETURN BOND FUND	18,506.866	10.930	202,280.05	5.58	210,521.13	7,772	0.00	3.84
ISHARES CORE US TREASURY BOND	11,000.000	26.240	288,640.00	7.96	280,735.40	3,828	0.00	1.33
PIMCO INVESTMENT GRADE CORPORATE BOND FUND	26,722.636	10.450	279,251.55	7.70	281,232.11	11,223	889.62	4.02
VANGUARD MORTGAGE-BACKED SECURITIES INDEX FUND	5,150.697	21.490	110,688.48	3.05	110,000.00	1,957	325.69	1.77
Total Bonds			**$880,860.08**	**24.29%**	**$882,488.64**	**$24,781**	**$1,215.31**	**2.81%**
Common Stocks								
ABBVIE INC	639.000	61.910	39,560.49	1.09	11,377.89	1,456	0.00	3.68
AMGEN INC	368.000	152.150	55,991.20	1.54	26,018.92	1,472	0.00	2.63

SunTrust

Statement Period
July 1 , 2015 - June 30, 2016

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*								
APPLE INC	479 000	95 600	45,792 40	1 26	8,912 54	1,092	0.00	2 38
AT&T INC	1,222 000	43.210	52,802 62	1.46	44,710.55	2,346	0.00	4.44
BLACKROCK INC CL A	204.000	342.530	69,876.12	1 93	55,143 56	1,868	0.00	2.67
BRANDES INTERNATIONAL SMALL CAP EQUITY FUND	3,902.931	12 790	49,918 49	1 38	50,000.00	960	0.00	1.92
CAMBIAR SMALL CAP FUND	1,918.119	16.210	31,092.71	0 86	38,861.10	345	0.00	1 11
CISCO SYSTEMS INC	1,043.000	28 690	29,923 67	0.83	28,366.17	1,084	0.00	3.63
CMS ENERGY CORP	1,486.000	45.860	68,147 96	1.88	49,082 34	1,842	0.00	2.70
CONOCOPHILLIPS	1,018.000	43 600	44,384 80	1.22	59,859 62	1,018	0.00	2.29
DOW CHEMICAL COMPANY	1,430.000	49.710	71,085.30	1.96	71,083.17	2,631	657 80	3.70
DU PONT E I DE NEMOURS & CO	673.000	64.800	43,610.40	1.20	34,718.97	1,022	0.00	2.35
DUKE ENERGY CORP	771 000	85.790	66,144.09	1.82	56,612 39	2,544	0.00	3.85
EATON VANCE ATLANTA CAPITAL SMID CAP FUND	4,396 678	27 680	121,700.05	3.36	90,000 00	0	0.00	0.00
GENERAL ELECTRIC CORP	1,510 000	31.480	47,534 80	1 31	29,900 01	1,389	347.30	2.92
HOME DEPOT INC	596 000	127.690	76,103.24	2.10	50,141.58	1,644	0 00	2.16
INTEL CORP	2,155.000	32 800	70,684.00	1 95	52,183 23	2,241	0 00	3.17
INTERNATIONAL PAPER CO	645 000	42 380	27,335.10	0 75	30,776 91	1,135	0 00	4.15
ISHARES CORE MSCI PACIFIC ETF	1,150 000	46 790	53,808.50	1 48	58,798 69	1,445	0 00	2 69
ISHARES CORE MSCI EUROPE ETF	2,100 000	39.490	82,929 00	2 29	93,167 99	2,580	0 00	3.11
JOHCM INTERNATIONAL SELECT FUND	12,967.581	18 560	240,678 30	6 64	260,000.00	858	0 00	0.36
JOHNSON & JOHNSON	671.000	121.300	81,392 30	2 24	58,156 07	2,147	0.00	2.64
JP MORGAN CHASE & CO	1,152 000	62.140	71,585 28	1 97	45,048 32	2,211	0.00	3.09
KLA-TENCOR CORP	434.000	73 250	31,790 50	0.88	26,307.18	902	0 00	2 84

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*								
KOHLS CORP	638.000	37.920	24,192.96	0.67	40,154.07	1,276	0.00	5.27
LILLY ELI & CO	978.000	78.750	77,017.50	2.12	55,625.76	1,995	0.00	2.59
LYONDELLBASELL INDUSTRIES NV	698.000	74.420	51,945.16	1.43	48,311.51	2,373	0.00	4.57
MACY'S INC	821.000	33.610	27,593.81	0.76	25,361.24	1,239	309.93	4.49
MAINSTAY ICAP INTERNATIONAL FUND	2,171.395	28.840	62,623.03	1.73	75,000.00	1,066	0.00	1.70
MERCK & CO INC	1,028.000	57.610	59,223.08	1.63	31,156.51	1,891	472.88	3.19
MICROSOFT CORP	1,468.000	51.170	75,117.56	2.07	54,126.88	2,113	0.00	2.81
NEW YORK CMNTY BANCORP INC	3,011.000	14.990	45,134.89	1.24	48,749.85	2,047	0.00	4.54
NEXTERA ENERGY INC	669.000	130 400	87,237.60	2.41	55,180.74	2,328	0.00	2.67
OCCIDENTAL PETE CORP	503.000	75.560	38,006.68	1.05	37,195.84	1,509	377 25	3.97
OPPENHEIMER DEVELOPING MARKETS FUND	2,287.863	31.150	71,266.93	1.97	62,800 25	679	0.00	0.95
PEPSICO INC	655 000	105.940	69,390.70	1.91	48,869.87	1,971	0.00	2.84
PFIZER INC	1,860.000	35.210	65,490.60	1.81	37,111.20	2,232	0 00	3.41
PHILIP MORRIS INTERNATIONAL	258 000	101.720	26,243.76	0.72	13,559.35	1,052	263.16	4.01
SEAGATE TECHNOLOGY PLC	523.000	24.360	12,740.28	0.35	26,136.05	1,317	0.00	10.34
T ROWE QM US SMALL CAP GROWTH EQUITY	2,107.127	26.090	54,974.94	1.52	37,738.64	0	0.00	0.00
TOTAL S.A. SPONSORED AMERICAN DEPOSITORY RECEIPT	902.000	48.100	43,386.20	1.20	56,919.31	2,080	508 48	4.79
UNITED PARCEL SERVICE CL B	431.000	107.720	46,427.32	1.28	28,665.82	1,344	0.00	2.90
VAN ECK EMERGING MARKETS FUND	3,276.540	13.150	43,086.50	1.19	50,000.00	0	0.00	0.00
VERIZON COMMUNICATIONS	959.000	55.840	53,550.56	1.48	36,251.97	2,167	0.00	4.05
WELLS FARGO & CO	1,276.000	47.330	60,393.08	1.67	49,999.54	1,939	0 00	3.21

SunTrust

Statement Period
July 1 , 2015 - June 30, 2016

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*								
WILLIAMS COS INC	1,408 000	21.630	30,455.04	0.84	36,460 54	3,604	0 00	11.83
Total Common Stocks			**$2,699,369.50**	**74.45%**	**$2,284,602.14**	**$72,472**	**$2,936.80**	**2.68%**
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
CLASS ACTION PENDING CITIGROUP GCG ON RCPT OF FINAL PMT	1.000	0 000	0 00	0 00	0 00	0	0 00	0.00
CLASS ACTION PENDING JOHNSON & JOHNSON ON RCPT OF FINAL PMT	1 000	0.000	0 00	0 00	0.00	0	0 00	0 00
CLASS ACTION PENDING AMERICAN INTL 2008 ON RCPT OF FINAL PMT	1 000	0.000	0 00	0 00	0.00	0	0.00	0.00
CLASS ACTION PENDING BAXTER INTERNATIONAL ON RCPT OF FINAL PMT	1.000	0 000	0 00	0 00	0.00	0	0.00	0 00
Total Miscellaneous			**$0.00**	**0.00%**	**$0.00**	**$0**	**$0.00**	**0.00%**
Total Principal Portfolio			**$3,611,167.66**	**99.58%**	**$3,198,028.86**	**$97,306**	**$4,156.45**	**2.69%**
Total Portfolio			**$3,626,516.52**	**100.00%**	**$3,213,377.72**	**$97,332**	**$4,157.81**	**2.68%**