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Return of Private Foundation

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

OMB No 1545-0052

Form **990-PF**Department of the Treasury
Internal Revenue Service

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

2016

Open to Public Inspection

For calendar year 2016 or tax year beginning , and ending

Name of foundation DURHAM MERCHANTS ASSOCIATION CHARITABLE FOUNDATION		A Employer identification number 56-1651068
Number and street (or P.O. box number if mail is not delivered to street address) P.O. BOX 52016	Room/suite	B Telephone number (see instructions) 919-489-7921
City or town, state or province, country, and ZIP or foreign postal code DURHAM NC 27717		C If exemption application is pending, check here ☐
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ☐ 2. Foreign organizations meeting the 85% test, check here and attach computation ☐
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ☐
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 3,087,879	J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc., received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	4,750	4,750		
	4 Dividends and interest from securities	49,495	49,495		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	10,949			
	b Gross sales price for all assets on line 6a	511,377			
	7 Capital gain net income (from Part IV, line 2)		10,949		
	8 Net short-term capital gain			0	
	9 Income modifications				
	10a Gross sales less returns and allowances				
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule) Stmt 1	84	43			
12 Total. Add lines 1 through 11	65,278	65,237	0		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	24,000	7,200		16,800
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule) Stmt 2	2,800	2,800		
	c Other professional fees (attach schedule)				
	17 Interest				
	18 Taxes (attach schedule) (see instructions) Stmt 3	1,927	1,927		
	19 Depreciation (attach schedule) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (att. sch) Stmt 4	28,554	25,327		3,227
	24 Total operating and administrative expenses. Add lines 13 through 23	57,281	37,254	0	20,027
25 Contributions, gifts, grants paid	140,900			140,900	
26 Total expenses and disbursements. Add lines 24 and 25	198,181	37,254	0	160,927	
27 Subtract line 26 from line 12					
a Excess of revenue over expenses and disbursements	-132,903				
b Net investment income (if negative, enter -0-)		27,983			
c Adjusted net income (if negative, enter -0-)			0		

For Paperwork Reduction Act Notice, see instructions.

DAA

Form 990-PF (2016)

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value		
Assets	1	Cash – non-interest-bearing		7,525	16,699	16,699
	2	Savings and temporary cash investments				
	3	Accounts receivable ▶ Less allowance for doubtful accounts ▶				
	4	Pledges receivable ▶ Less allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶	0			
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges		1,384	733	733
	10a	Investments – U.S. and state government obligations (attach schedule)				
	b	Investments – corporate stock (attach schedule) See Stmt 5		2,688,677	2,547,251	3,070,447
	c	Investments – corporate bonds (attach schedule)				
	11	Investments – land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶				
	12	Investments – mortgage loans				
	13	Investments – other (attach schedule)				
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶				
15	Other assets (describe ▶)					
16	Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)		2,697,586	2,564,683	3,087,879	
Liabilities	17	Accounts payable and accrued expenses				
	18	Grants payable				
	19	Deferred revenue				
	20	Loans from officers, directors, trustees, and other disqualified persons				
	21	Mortgages and other notes payable (attach schedule)				
	22	Other liabilities (describe ▶)				
	23	Total liabilities (add lines 17 through 22)		0	0	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ▶ ☒					
	24	Unrestricted		2,697,586	2,564,683	
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ ☐					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
	30	Total net assets or fund balances (see instructions)		2,697,586	2,564,683	
	31	Total liabilities and net assets/fund balances (see instructions)		2,697,586	2,564,683	

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	2,697,586
2	Enter amount from Part I, line 27a	2	-132,903
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	2,564,683
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	2,564,683

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	STATE STREET BANK & TRUST	P	12/17/15	10/20/16
b	STATE STREET BANK & TRUST	P	12/01/15	12/31/16
c	STATE STREET BANK & TRUST	P	12/01/15	12/31/16
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 32,860		31,069	1,791
b 384,496		407,557	-23,061
c 88,507		61,802	26,705
d 5,514			5,514
e			

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

(i) FMV 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			1,791
b			-23,061
c			26,705
d			5,514
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	10,949
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	3	1,791

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))
2015	151,372	3,185,123	0.047525
2014	160,326	3,337,383	0.048039
2013	121,911	3,163,117	0.038541
2012	123,136	2,482,163	0.049608
2011	164,973	2,512,889	0.065651

2 Total of line 1, column (d)	2	0.249364
3 Average distribution ratio for the 5-year base period — divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.049873
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	3,038,929
5 Multiply line 4 by line 3	5	151,561
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	280
7 Add lines 5 and 6	7	151,841
8 Enter qualifying distributions from Part XII, line 4 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	8	160,927

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	280
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	280
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	280
6	Credits/Payments		
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	1,023
b	Exempt foreign organizations – tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	1,023
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	743
11	Enter the amount of line 10 to be Credited to 2017 estimated tax 280 Refunded	11	463

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?		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		X
c Did the foundation file Form 1120-POL for this year?		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation \$ (2) On foundation managers \$		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers \$		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities		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		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a tax return on Form 990-T for this year?		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T		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?	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	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	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 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? If "Yes," complete Part XIV		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses		X

Part VII-A Statements Regarding Activities (continued)

- 11 At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)
- 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)
- 13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?
Website address ► **N/A**

	Yes	No
11		X
12		X
13	X	

- 14 The books are in care of ► **CHARLES ATWATER**
PO BOX 5201 6

Telephone no ►

Located at ► **DURHAM**

NC

ZIP+4 ► **27717**

- 15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 – Check here and enter the amount of tax-exempt interest received or accrued during the year

► **15**

- 16 At any time during calendar year 2016, 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?

See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ►

	Yes	No
16		X

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

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

- 1a 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 2016?

N/A

1c

- 2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))

- a At the end of tax year 2016, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2016?

If "Yes," list the years ► 20 , 20 , 20 , 20

☐ Yes ☒ No

- b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement – see instructions)

N/A

2b

- c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here
► 20 , 20 , 20 , 20

- 3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?

☐ Yes ☒ No

- b If "Yes," did it have excess business holdings in 2016 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 2016)

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 2016?

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
	If "Yes" to 6b, file Form 8870			X
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes	☒ No	
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A		7b

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**1** List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 6				

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

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

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

0

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)**3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."**

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

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

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 (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
1 N/A	
2	
All other program-related investments. See instructions.	
3	
Total. Add lines 1 through 3	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes		
a	Average monthly fair market value of securities	1a	3,071,236
b	Average of monthly cash balances	1b	13,971
c	Fair market value of all other assets (see instructions)	1c	0
d	Total (add lines 1a, b, and c)	1d	3,085,207
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	3,085,207
4	Cash deemed held for charitable activities. Enter 1½% of line 3 (for greater amount, see instructions)	4	46,278
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,038,929
6	Minimum investment return. Enter 5% of line 5	6	151,946

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	151,946
2a	Tax on investment income for 2016 from Part VI, line 5	2a	280
b	Income tax for 2016 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	280
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	151,666
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	151,666
6	Deduction from distributable amount (see instructions)	6	
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	151,666

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	160,927
b	Program-related investments — total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	160,927
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	280
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	160,647

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 2015	(c) 2015	(d) 2016
1 Distributable amount for 2016 from Part XI, line 7				151,666
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2016				
a From 2011	40,435			
b From 2012	316			
c From 2013				
d From 2014				
e From 2015				
f Total of lines 3a through e	40,751			
4 Qualifying distributions for 2016 from Part XII, line 4 ▶ \$ 160,927				
a Applied to 2015, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions)				
c Treated as distributions out of corpus (Election required – see instructions)				
d Applied to 2016 distributable amount				151,666
e Remaining amount distributed out of corpus	9,261			
5 Excess distributions carryover applied to 2016 (If an amount appears in column (d), the same amount must be shown in column (a))				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	50,012			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount – see instructions				
e Undistributed income for 2015 Subtract line 4a from line 2a Taxable amount – see instructions				
f Undistributed income for 2016 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2017				0
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)				
8 Excess distributions carryover from 2011 not applied on line 5 or line 7 (see instructions)	40,435			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	9,577			
10 Analysis of line 9				
a Excess from 2012	316			
b Excess from 2013				
c Excess from 2014				
d Excess from 2015				
e Excess from 2016	9,261			

Part XV **Supplementary Information** *(continued)***3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i> SEE ATTACHED SCHEDULE SEE ATTACHED SCHEDULE DURHAM NC 27707	NONE			140,900
Total			▶ 3a	140,900
b <i>Approved for future payment</i> N/A				
Total			▶ 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue					
a						
b						
c						
d						
e						
f						
g	Fees and contracts from government agencies					
2	Membership dues and assessments					
3	Interest on savings and temporary cash investments			14	4,750	
4	Dividends and interest from securities			14	49,495	
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	43	
8	Gain or (loss) from sales of assets other than inventory					10,949
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory					
11	Other revenue a					
b	MISCELLANEOUS			14	41	
c						
d						
e						
12	Subtotal Add columns (b), (d), and (e)		0		54,329	10,949
13	Total. Add line 12, columns (b), (d), and (e)				13	65,278

(See worksheet in line 13 instructions to verify calculations)

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

[illegible]

Federal Statements

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

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
SEC 1250 GAIN	\$ 43	\$ 43	\$
MISCELLANEOUS	41		
Total	\$ 84	\$ 43	\$ 0

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

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
PROFESSIONAL FEES	\$ 2,800	\$ 2,800	\$	\$
Total	\$ 2,800	\$ 2,800	\$ 0	\$ 0

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

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
FOREIGN TAXES	\$ 904	\$ 904	\$	\$
FEDERAL TAX	1,023	1,023		
Total	\$ 1,927	\$ 1,927	\$ 0	\$ 0

Federal Statements

Statement 4 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Expenses	\$	\$		\$
TELEPHONE	1,377			1,377
MANAGEMENT FEES	23,790	23,790		
MEETING EXPENSE	1,531			1,531
BANK CHARGES	146			146
OFFICE EXPENSE	173			173
SERVICE FEES	1,537	1,537		
Total	\$ 28,554	\$ 25,327	\$ 0	\$ 3,227

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

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
CORPORATE STOCKS	\$ 2,688,679	\$ 2,547,253	Cost	\$ 3,070,447
rounding	-2	-2		
Total	\$ 2,688,677	\$ 2,547,251		\$ 3,070,447

Statement 6 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees, Etc.

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
DEDE BROCKWELL PO BOX 52016 DURHAM NC 27717	SECRETARY	0.00	0	0	0
NANCY BROWN PO BOX 52016 DURHAM NC 27717	DIRECTOR	0.00	0	0	0
STEVE HANCOCK PO BOX 52016	TREASURER	0.00	0	0	0

302216 DURHAM MERCHANTS ASSOCIATION
56-1651068
FYE: 12/31/2016

Federal Statements

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**Statement 6 - Form 990-PF, Part VIII, Line 1 - List of Officers, Directors, Trustees,
Etc. (continued)**

Name and Address	Title	Average Hours	Compensation	Benefits	Expenses
DURHAM NC 27717					
ALEX SYKES PO BOX 52016 DURHAM NC 27717	VP	0.00	0	0	0
JEFF STEWART PO BOX 52016 DURHAM NC 27717	DIRECTOR	0.00	0	0	0
CARLTON WHITE PO BOX 52016 DURHAM NC 27717	PRESIDENT	0.00	0	0	0
CHARLES ATWATER PO BOX 52016 DURHAM NC 27717	EXECUTIVE DI	0.00	24,000	0	0
JIM BRAME PO BOX 52016 DURHAM NC 27717	DIRECTOR	0.00	0	0	0
FRANCES DYER PO BOX 52016 DURHAM NC 27717	DIRECTOR	0.00	0	0	0
PAIGE WARD PO BOX 52016 DURHAM NC 27717	DIRECTOR	0.00	0	0	0

Grants Worksheet

April 2016

AGENCY	Amount Requested	Recommended	Granted	Check #
American Dance Festival	\$5,000		1500	5903
Crayons 2 Calculators	\$5,000		5000	5904
Duke Homestead	\$9,903		5300	5905
Duke Trauma Center	\$9,062		1500	5906
Durham Arts Council	\$8,925		3000	5907
Families Moving Forward	\$5,000		5000	5908
Subtotal	\$42,890			
Meals on Wheels	\$9,500		7500	5909
Partners for Youth Opportunity	\$10,000		3000	5910
Planned Parenthood	\$5,000			
Playworks Education Energized	\$5,000			
Prevent Blindness in NC	\$2,500		2500	5911
P.R.O.U.D. Program	\$3,000		3000	5912
Subtotal	\$35,000			
Scrap Exchange	\$10,000		3500	5914
SEEDS	\$5,000		5000	5913
Senior PharmAssist	\$10,000		7000	5915
Southern Documentary Fund	\$5,000		1500	5916
Special Olympics	\$3,000		3000	5917
Transitions Guiding Lights	\$3,000		3000	5918
Vets to Vets United	\$10,000		5000	5919
Volunteer Center	\$10,000		3500	5920
Subtotal	\$56,000			
TOTAL	\$133,890			
Durham Symphony- Lynam			1000	5921
Hill Center - Atwater			4000	5922

TOTAL \$73,800.00

BOLD TYPE is a new or never funded organization.

Grants Worksheet
October 13, 2016

AGENCY	Amount Requested	Granted		Check #
Big Brothers Big Sisters	\$10,000	\$5,000	✓	5938
Boys & Girls Club of Greater Durham	\$6,900	\$5,000	✓	5939
Center for Child and Family Health	\$4,000	\$2,000	✓	5940
Community Health Coalition, Inc.	\$5,000	\$5,000	✓	5941
Durham Center for Senior Life	\$8,600	\$3,600	✓	5942
Durham Chorale	\$6,000	\$3,000	✓	5943
Durham Crisis Response Center	\$6,048	\$5,000	✓	5944
Hill Center, Inc.	\$10,000	\$10,000	✓	5945
Museum of Durham History	\$5,200	\$4,000	✓	5946
Planned Parenthood	\$5,000	\$5,000	✓	5947
Project Access of Durham County	\$10,000	\$8,000	✓	5948
Teen Court & Restitution Program	\$6,000	\$5,000	✓	5949
TROSA	\$5,000	\$4,000	✓	5950
Urban Ministries of Durham	\$5,000	\$2,500	✓	5951
TOTAL	\$92,748	\$67,100	0	