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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

2016

Open to Public Inspection

For calendar year 2016 or tax year beginning , and ending

Name of foundation: Donnie Royal Foundation

A Employer identification number: 91-2052930

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

Room/suite:

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

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

C If exemption application is pending, check here ▶ ☐

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: ☒ 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)* ▶ $ 1,517,017

J Accounting method ☒ 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 ▶ ☐

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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	3,588	3,588		
4	Dividends and interest from securities	31,765	31,765		
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	-35,946			
b	Gross sales price for all assets on line 6a 790,345				
7	Capital gain net income (from Part IV, line 2)		0		
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)				
12	**Total.** Add lines 1 through 11	-593	35,353	0	
Operating and Administrative Expenses 13	Compensation of officers, directors, trustees, etc.	0			
14	Other employee salaries and wages				
15	Pension plans, employee benefits				
16a	Legal fees (attach schedule)				
b	Accounting fees (attach schedule) Stmt 1	2,000			
c	Other professional fees (attach schedule)				
17	Interest				
18	Taxes (attach schedule) (see instructions) Stmt 2	231	231		
19	Depreciation (attach schedule) and depletion				
20	Occupancy				
21	Travel, conferences, and meetings				
22	Printing and publications				
23	Other expenses (att sch) Stmt 3	91			
24	**Total operating and administrative expenses.** Add lines 13 through 23	2,322	231	0	0
25	Contributions, gifts, grants paid	94,500			94,500
26	**Total expenses and disbursements.** Add lines 24 and 25	96,822	231	0	94,500
27	Subtract line 26 from line 12:				
a	**Excess of revenue over expenses and disbursements**	-97,415			
b	**Net investment income** (if negative, enter -0-)		35,122		
c	**Adjusted net income** (if negative, enter -0-)			0	

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For Paperwork Reduction Act Notice, see instructions.

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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 (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1	Cash – non-interest-bearing			
	2	Savings and temporary cash investments	19,119	15,698	15,698
	3	Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (att schedule) ▶ Less: allowance for doubtful accounts ▶ 0			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges	2,308	1,619	1,619
	10a	Investments – U.S and state government obligations (attach schedule) Stmt 4	125,263	75,142	75,149
	b	Investments – corporate stock (attach schedule) See Stmt 5	1,353,647	1,134,757	1,199,679
	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) See Statement 6	50,002	225,019	224,872
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation (attach sch) ▶			
	15	Other assets (describe ▶)			
	16	Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	1,550,339	1,452,235	1,517,017
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 ▶ [X] and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted	1,550,339	1,452,235	
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ [ ] and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	**Total net assets or fund balances** (see instructions)	1,550,339	1,452,235	
	31	**Total liabilities and net assets/fund balances** (see instructions)	1,550,339	1,452,235	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	1,550,339
2	Enter amount from Part I, line 27a	2	-97,415
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	1,452,924
5	Decreases not included in line 2 (itemize) ▶ See Statement 7	5	689
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	1,452,235

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P – Purchase D – Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	See Worksheet			
b				
c				
d				
e				

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

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				
b				
c				
d				
e				

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	-35,946
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)· If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8	3	-13,035

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	100,311	1,622,765	0.061815
2014	59,000	1,668,009	0.035372
2013	90,000	1,611,729	0.055841
2012	95,291	1,575,725	0.060474
2011	96,746	1,587,365	0.060948

2	**Total** of line 1, column (d)	2	0.274450
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	0.054890
4	Enter the net value of noncharitable-use assets for 2016 from Part X, line 5	4	1,520,269
5	Multiply line 4 by line 3	5	83,448
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	351
7	Add lines 5 and 6	7	83,799
8	Enter qualifying distributions from Part XII, line 4	8	94,500

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	351
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	351
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	351
6	Credits/Payments:				
a	2016 estimated tax payments and 2015 overpayment credited to 2016	6a	1,619		
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	1,619
8	Enter any **penalty** for underpayment of estimated tax Check here [X] 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	1,268
11	Enter the amount of line 10 to be: **Credited to 2017 estimated tax** ▶ 1,268 **Refunded** ▶			11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?	1b		X
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year. **(1)** On the foundation ▶ $ ______ **(2)** On foundation managers. ▶ $ ______			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ ______			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ NC			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2016 or the taxable year beginning in 2016 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		X

Part VII-A Statements Regarding Activities (continued)

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

Website address ▶ N/A

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

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

			Yes	No
16	At any time during calendar year 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?	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

				Yes	No
	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?	☐ Yes ☒ No			
	If "Yes," list the years ▶ 20 , 20 , 20 , 20				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement – see instructions.)	N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20 , 20 , 20 , 20				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 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? *If "Yes" to 6b, file Form 8870.*		6b	X (No)
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No		
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	N/A	7b	

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

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address		(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
William T. Allen 3620 Cape Center	Fayetteville NC 28304	President 1.00	0	0	0
Henry Turlington 1600 Quaker Ridge	Raleigh NC 27615	Treasurer 1.00	0	0	0
Charles Royal 1425 Keith Hills Road	Lillington NC 27546	V-President 1.00	0	0	0
Dr. Douglas Kelly 500 East Cleveland St.	Dillon SC 29536	Secretary 1.00	0	0	0

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

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

Total number of other employees paid over $50,000 ▶ 0

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

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

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

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

Part IX-A Summary of Direct Charitable Activities

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

Part IX-B Summary of Program-Related Investments (see instructions)

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:			
a	Average monthly fair market value of securities		1a	1,510,560
b	Average of monthly cash balances		1b	32,860
c	Fair market value of all other assets (see instructions)		1c	0
d	**Total** (add lines 1a, b, and c)		1d	1,543,420
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e 0		
2	Acquisition indebtedness applicable to line 1 assets		2	0
3	Subtract line 2 from line 1d		3	1,543,420
4	Cash deemed held for charitable activities Enter 1½% of line 3 (for greater amount, see instructions)		4	23,151
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	1,520,269
6	**Minimum investment return.** Enter 5% of line 5		6	76,013

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	76,013
2a	Tax on investment income for 2016 from Part VI, line 5	2a 351		
b	Income tax for 2016. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	351
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	75,662
4	Recoveries of amounts treated as qualifying distributions		4	
5	Add lines 3 and 4		5	75,662
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	75,662

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	94,500
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	94,500
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	351
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	94,149

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					75,662
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	19,886				
b From 2012	17,923				
c From 2013	11,553				
d From 2014					
e From 2015	20,551				
f **Total** of lines 3a through e		69,913			
4 Qualifying distributions for 2016 from Part XII, line 4 ▶ $ 94,500					
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					75,662
e Remaining amount distributed out of corpus		18,838			
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		88,751			
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)		19,886			
9 **Excess distributions carryover to 2017.** Subtract lines 7 and 8 from line 6a		68,865			
10 Analysis of line 9:					
a Excess from 2012	17,923				
b Excess from 2013	11,553				
c Excess from 2014					
d Excess from 2015	20,551				
e Excess from 2016	18,838				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2016, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2016	(b) 2015	(c) 2014	(d) 2013	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test – enter. (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test – enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test – enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the foundation had $5,000 or more in assets at any time during the year – see instructions.)

1 Information Regarding Foundation Managers:

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

Donnie M. Royal, MD (Deceased 2001)

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

N/A

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

Check here ▶ ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail address of the person to whom applications should be addressed:

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

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

Contact Individual in 2A for details

c Any submission deadlines.

None

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

None

Part XV Supplementary Information *(continued)*

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
Reformed Theological Semi 2101 Carmel Rd. Charlotte NC 28226		501(c)(3)	Royal Scholarship	10,000
Sampson Community College P.O. Box 318 Clinton NC 28329		501(c)(3)	Nursing Scholarship	10,000
Salemburg Baptist Church P.O. Box 537 Salemburg NC 28385		Church	General Fund	6,000
Baptist Children's Home P.O. Box 338 Thomasville NC 27361		501(c)(3)	General Fund	7,000
Campbell University P.O. Box 116 Buies Creek NC 27506		University	Divinity School - Church Music Sch.	10,000
Salemburg Food Bank 113 N Main St Salemburg NC 28385		501(c)(3)	General Fund	8,000
Sampson Regional Medical Center 607 Beaman St. Clinton NC 28328		501(c)(3)	General Fund	20,000
Salemburg Elementary School 404 East College St. Salemburg NC 28385		School	Computers	10,000
Campbell University P.O. Box 116 Buies Creek NC 27506		University	Divinity School- Pastors Health Sum.	3,500
Campbell University P.O. Box 116 Buies Creek NC 27506		University	Divinity School-Music Overture	10,000
Total			▶ 3a	94,500
b *Approved for future payment* N/A				
Total			▶ 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income (See instructions)
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	3,588	
4 Dividends and interest from securities			14	31,765	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory			18	-35,946	
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		-593	0

13 **Total.** Add line 12, columns (b), (d), and (e) 13 -593

(See worksheet in line 13 instructions to verify calculations.)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes). (See instructions)
N/A	

DAA

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

			Yes	No
1	Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a	Transfers from the reporting foundation to a noncharitable exempt organization of.			
	(1) Cash	1a(1)		X
	(2) Other assets	1a(2)		X
b	Other transactions			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		X
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		X
	(3) Rental of facilities, equipment, or other assets	1b(3)		X
	(4) Reimbursement arrangements	1b(4)		X
	(5) Loans or loan guarantees	1b(5)		X
	(6) Performance of services or membership or fundraising solicitations	1b(6)		X
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		X

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

(a) Line no	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☒ No

b If "Yes," complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge

May the IRS discuss this return with the preparer shown below (see instructions)? ☒ Yes ☐ No

William J. Allen — Signature of officer or trustee | 5/30/17 — Date | PRESIDENT — Title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed
William Temple Allen, CPA, P.A.	William Temple Allen, CPA, PA	05/11/17	

Firm's name ▶	William Temple Allen, CPA, P.A.	PTIN	P01071846
Firm's address ▶	3620 Cape Center Drive	Firm's EIN ▶	56-1833865
	Fayetteville, NC 28304	Phone no	910-323-0191

Capital Gains and Losses for Tax on Investment Income

Form **990-PF** **2016**

For calendar year 2016, or tax year beginning , and ending

Name	Employer Identification Number
Donnie Royal Foundation	91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	21.749 Diamond SMCP	P	12/18/15	04/12/16
(2)	135 Walt Disney World	P	10/21/15	10/18/16
(3)	40 Dominion Resources	P	04/23/15	04/12/16
(4)	3.822 Fid Advs Str Inc.	P	02/17/15	01/21/16
(5)	101.856 Janus Balance C	P	12/18/15	07/19/16
(6)	625 KK&R & Co.	P	07/21/15	01/21/16
(7)	25 Kimberly Clark	P	07/21/15	04/12/16
(8)	75 Nucor Corp	P	04/23/15	04/12/16
(9)	350 United Bancshares	P	07/21/15	04/12/16
(10)	500 Wisdomtree MDCP DIV	P	04/23/15	04/12/16
(11)	65 AFLAC	P	10/18/12	04/12/16
(12)	100 AT&T	P	01/13/15	04/12/16
(13)	150 Aetna Inc.	P	07/14/14	07/19/16
(14)	10 Alphabet Inc.	P	01/13/15	Various
(15)	150 Altria Group	P	04/24/08	Various

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	588		641	-53
(2)	12,135		15,233	-3,098
(3)	2,844		2,941	-97
(4)	42		46	-4
(5)	2,953		3,036	-83
(6)	8,820		14,857	-6,037
(7)	3,354		2,854	500
(8)	3,505		3,576	-71
(9)	12,346		15,135	-2,789
(10)	42,424		43,727	-1,303
(11)	4,145		3,316	829
(12)	3,771		3,412	359
(13)	17,061		12,545	4,516
(14)	7,264		5,148	2,116
(15)	8,736		3,452	5,284

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
(1)				-53
(2)				-3,098
(3)				-97
(4)				-4
(5)				-83
(6)				-6,037
(7)				500
(8)				-71
(9)				-2,789
(10)				-1,303
(11)				829
(12)				359
(13)				4,516
(14)				2,116
(15)				5,284

Form 990-PF Capital Gains and Losses for Tax on Investment Income 2016

For calendar year 2016, or tax year beginning , and ending

Name	Employer Identification Number
Donnie Royal Foundation	91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	50 Celgene	P	07/14/14	04/12/16
(2)	75 Coca Cola	P	07/02/01	04/12/16
(3)	1451.532 Diamond SMCP	P	Various	04/12/16
(4)	235 Discover	P	01/13/15	01/21/16
(5)	550 EMC Corp	P	07/14/14	01/21/16
(6)	200 Eastman Chemical Co.	P	01/23/14	01/21/16
(7)	25000 FHLMC Deb	P	01/27/14	06/01/16
(8)	6546.65 FID ADVS STR	P	10/14/14	01/21/16
(9)	15000 FICO Ser 19	P	01/27/14	06/06/16
(10)	375.305 First Eagle GLB A	P	03/08/11	04/12/16
(11)	150 Gilead Sciences	P	04/22/14	07/19/16
(12)	40000 GS BK USA	P	07/14/14	05/23/16
(13)	10000 GS BK USA	P	07/14/14	06/13/16
(14)	706.714 Janus Balanced C	P	01/23/14	04/12/16
(15)	1507.794 Janus Balanced C	P	Various	07/19/16

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	15,573		13,492	2,081
(2)	3,409		1,688	1,721
(3)	39,214		42,748	-3,534
(4)	11,195		15,087	-3,892
(5)	12,984		15,029	-2,045
(6)	12,076		15,349	-3,273
(7)	25,000		25,000	
(8)	72,340		79,618	-7,278
(9)	15,000		15,000	
(10)	19,994		18,703	1,291
(11)	12,604		11,152	1,452
(12)	40,000		40,000	
(13)	10,000		10,000	
(14)	19,994		21,064	-1,070
(15)	43,720		44,940	-1,220

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)				2,081
(2)				1,721
(3)				-3,534
(4)				-3,892
(5)				-2,045
(6)				-3,273
(7)				
(8)				-7,278
(9)				
(10)				1,291
(11)				1,452
(12)				
(13)				
(14)				-1,070
(15)				-1,220

Capital Gains and Losses for Tax on Investment Income

Form **990-PF** | For calendar year 2016, or tax year beginning , and ending | **2016**

Name: Donnie Royal Foundation

Employer Identification Number: 91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	600 Jet Blue	P	01/13/15	01/21/16
(2)	60 Johnson and Johnson	P	12/17/04	04/12/16
(3)	300 Johnson Controls	P	04/22/14	04/12/16
(4)	435 Kinder Morgan	P	05/22/14	01/20/16
(5)	535 Koninklijke Philips	P	01/13/15	07/19/16
(6)	30 McDonalds Corp	P	01/18/07	04/12/16
(7)	450 Morgan Stanley	P	10/14/14	04/12/16
(8)	1792.808 Oppen Intl Grow C	P	Various	04/12/16
(9)	50 Philip Morris	P	06/03/05	04/12/16
(10)	325 Realty Income	P	07/22/13	04/12/16
(11)	2721.088 Temple GLB BD	P	10/14/14	04/12/16
(12)	10000 TVA Strips	P	10/10/13	05/02/16
(13)	125 Toyota Motor Corp	P	07/14/14	04/12/16
(14)	250 VF Corp	P	04/23/15	10/18/16
(15)	3518.124 Virtis Mkt Opp	P	01/13/15	01/21/16

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	12,312		9,105	3,207
(2)	6,446		3,855	2,591
(3)	11,445		14,658	-3,213
(4)	5,148		14,918	-9,770
(5)	13,432		15,007	-1,575
(6)	3,729		1,359	2,370
(7)	10,915		15,147	-4,232
(8)	61,559		65,012	-3,453
(9)	4,968		1,815	3,153
(10)	20,424		14,565	5,859
(11)	31,096		35,792	-4,696
(12)	10,000		10,000	
(13)	12,537		15,096	-2,559
(14)	13,428		18,764	-5,336
(15)	27,301		33,006	-5,705

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)				3,207
(2)				2,591
(3)				-3,213
(4)				-9,770
(5)				-1,575
(6)				2,370
(7)				-4,232
(8)				-3,453
(9)				3,153
(10)				5,859
(11)				-4,696
(12)				
(13)				-2,559
(14)				-5,336
(15)				-5,705

Form **990-PF**

Capital Gains and Losses for Tax on Investment Income

2016

For calendar year 2016, or tax year beginning , and ending

Name: Donnie Royal Foundation

Employer Identification Number: 91-2052930

	(a) List and describe the kind(s) of property sold, e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co	(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
(1)	300 Wells Fargo & Co.	P	04/22/14	10/18/16
(2)	900 Western Union	P	04/22/14	01/21/16
(3)	100 Everest Reinsurance	P	01/23/14	Various
(4)	390 Invesco	P	07/14/14	04/12/16
(5)	Ameriprise #9408			
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
(1)	13,242		15,029	-1,787
(2)	15,055		14,319	736
(3)	17,903		14,959	2,944
(4)	11,581		15,096	-3,515
(5)	4,733			4,733
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			
	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(1)				-1,787
(2)				736
(3)				2,944
(4)				-3,515
(5)				4,733
(6)				
(7)				
(8)				
(9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

Federal Statements

Statement 1 - Form 990-PF, Part I, Line 16b - Accounting Fees

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

Statement 2 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Foreign Taxes Paid	$ 231	$ 231	$	$
Total	$ 231	$ 231	$ 0	$ 0

Statement 3 - Form 990-PF, Part I, Line 23 - Other Expenses

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
	$	$	$	$
Expenses				
Miscellaneous	91			
Total	$ 91	$ 0	$ 0	$ 0

Federal Statements

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

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Tenn Vally Auth - 10,000	$ 9,965	$	Cost	$
Federal Home Loan Mtg Corp	25,997	25,305	Cost	25,287
Financing Corp FICO Strips	14,954		Cost	
Fedl Home Loan Mgt Corp	24,932		Cost	
Financing Corp CPN FICO	49,415	49,837	Cost	49,862
Total	$ 125,263	$ 75,142		$ 75,149

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

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
First Eagle Funds - 845.895 Sh	$ 64,091	$ 45,388	Cost	$ 45,898
Principal High Yield - 6518.973 sh	53,213	53,213	Cost	47,719
Virtus Multi - 6004.657 sh	33,006	27,944	Cost	28,762
Aflac Inc - 235 sh	15,305	11,989	Cost	16,356
Chevron - 165 Sh	8,819	8,819	Cost	19,421
Cisco Systems Inc - 500 sh		15,131	Cost	15,110
Coca Cola Co - 325 Sh	9,000	7,313	Cost	13,474
Johnson & Johnson - 140 Sh.	12,850	8,995	Cost	16,129
McDonalds - 120 shs	6,795	5,436	Cost	14,606
Philip Morris - 150 Sh	8,963	7,148	Cost	13,724
Proctor & Gamble - 200 Sh	9,785	9,785	Cost	16,816
Diamond Hill Small Cap 1,4751.532 sh	43,388		Cost	
MFS Intl Value 2608.092	77,955	78,050	Cost	83,068
Abbvie - 250 shs	7,916	7,916	Cost	15,655
Realty Income - 325 shs	14,796		Cost	
Janus Balanced CL C - 2316.364	69,040		Cost	
Loomis Sales Inv - 6131.	69,874	72,448	Cost	65,479
Oppenheimer Intl Growth - 1792.808 S	65,012		Cost	
Templeton Global Bond C - 2721..088	36,006		Cost	
Everest Reinsurance Grp LTD	14,959		Cost	
Invesco LTD	15,096		Cost	
Fidelity Advisor Strategic Income	80,052	72,917	Cost	71,235
Aetna Inc - 150 Sh.	12,545		Cost	

Federal Statements

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

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Altria Group - 250 Sh	$ 9,206	$ 5,754	Cost	$ 16,905
Celgene Corp - 150 Sh.	13,492		Cost	
EMC Corp - 550 Sh.	15,029		Cost	
Eastman Chemical - 200 Sh.	15,349		Cost	
General Electric - 550 Sh.	14,893	14,893	Cost	17,380
Gilead Science - 150 Sh	11,152		Cost	
Johnson Controls -300 Sh.	14,658		Cost	
Morgan Stanley - 450 Sh.	15,147		Cost	
National Grid PLC - 210 Sh.	14,861	14,861	Cost	12,249
Toyota Motor - 125 Sh.	15,096		Cost	
Wells Fargo - 300 Sh.	15,029		Cost	
Western Union - 900 Sh.	14,319		Cost	
AT&T - 400	17,155	13,743	Cost	17,012
Alphabet Inc - 20	15,445	10,297	Cost	15,849
Apple, Inc. - 130	15,155	15,155	Cost	15,056
Walt Disney Co - 135	15,233		Cost	
Discover Financial - 235	15,087		Cost	
Dominion Resources - 210	18,379	15,439	Cost	16,084
GlaxoSmithKline PLC - 400	18,702	18,702	Cost	15,404
Ishares IBOXX - 300	36,741		Cost	
Ishares MSCI - 500	33,588		Cost	
Jet Blue - 600	9,105		Cost	
KKR& Co. - 625	14,857		Cost	
Kimberly Clark - 110	15,414	12,559	Cost	12,553
Kinder Morgan - 435	14,918		Cost	
Koninkluke Philips - 535	15,007		Cost	
Merck & Co. - 235	15,000	15,000	Cost	13,834
Nucor Corp - 325	19,070	15,494	Cost	19,344
United Bancshares - 350	15,135		Cost	
V F Corp - 250	18,764		Cost	
Visa Inc - 200	15,397	15,397	Cost	15,604
Wisdomtree - 500	43,727		Cost	
Pimco Income - 6,163.074	75,071	75,071	Cost	74,327
Pimco All Asset Cl C - 4079.181		45,887	Cost	45,401
Check Point Software Tech 200 Sh		15,725	Cost	16,892
ALPS Alerian - 3,500		45,591	Cost	44,100
Amazon.Com - 25 Sh		15,263	Cost	18,747

Federal Statements

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

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Amgen Inc. - 100 Sh.	$	$ 16,078	Cost	$ 14,621
Exxon Mobil- 200 Sh.		14,765	Cost	18,052
Ishares IBOXX $Investment - 650		78,719	Cost	76,167
Ishares 7-10Yr Treasury - 700		77,930	Cost	73,374
Ishares MSCI AEFE - 500		33,588	Cost	28,865
Metlife - 300 Sh		14,278	Cost	16,167
Schlumberger - 185 Sh.		14,978	Cost	15,531
3M Company - 85		14,709	Cost	15,178
Vanguard REIT Index - ETF - 500		42,263	Cost	41,265
Vanguard Smallcap ETF - 125		15,169	Cost	16,120
Verizon Communications - 265		14,957	Cost	14,146
Total	$ 1,353,647	$ 1,134,757		$ 1,199,679

Statement 6 - Form 990-PF, Part II, Line 13 - Other Investments

Description	Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Goldman Sachs CD	$ 10,001	$	Cost	$
Goldman Sachs CD	40,001		Cost	
Ally Bank CD		50,005	Cost	49,954
Capital One CD		50,005	Cost	49,954
First Service Bank CD		45,003	Cost	44,941
Kaybank NA Cleveland Bank CD		55,004	Cost	54,996
Lincoln Savings Bank Cedar Falls IA		25,002	Cost	25,027
Total	$ 50,002	$ 225,019		$ 224,872

Statement 7 - Form 990-PF, Part III, Line 5 - Other Decreases

Description	Amount
IRS	$ 689
Total	$ 689

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

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

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

Description
Contact Individual in 2A for details

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

Description
None

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

Description
None