

Extended to May 15, 2018

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

Form 990-PF

Department of the Treasury
Internal Revenue Service

For calendar year 2016 or tax year beginning

JUL 1, 2016

, and ending

JUN 30, 2017

Name of foundation

THE WILLIAM R KENAN JR FUND FOR ARTS

A Employer identification number

58-1976597

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)962-8150

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 changeD 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 foundationE 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)

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 ☐

\$ 32847340. (Part I, column (d) must be on cash basis)

Part I Analysis of Revenue and Expenses

(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))

(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 <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	9709.	9709.		Statement 1
	4 Dividends and interest from securities	657726.	657726.		Statement 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	598837.			
	b Gross sales price for all assets on line 6a	2874667.			
	7 Capital gain net income (from Part IV, line 2)		598837.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	2724.	2724.		Statement 3
	12 Total. Add lines 1 through 11	1268996.	1268996.		
	13 Compensation of officers, directors, trustees, etc	0.	0.		0.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees Stmt 4	4670.	0.		4670.
	b Accounting fees Stmt 5	16092.	3360.		12732.
	c Other professional fees Stmt 6	70209.	70209.		0.
	17 Interest	11.	11.		0.
	18 Taxes Stmt 7	31422.	0.		0.
	19 Depreciation and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings	3337.	0.		3337.
	22 Printing and publications				
	23 Other expenses Stmt 8	96317.	10714.		85603.
	24 Total operating and administrative expenses. Add lines 13 through 23	222058.	84294.		106342.
	25 Contributions, gifts, grants paid	1475000.			1475000.
	26 Total expenses and disbursements. Add lines 24 and 25	1697058.	84294.		1581342.
	27 Subtract line 26 from line 12.				
	a Excess of revenue over expenses and disbursements	-428062.			
	b Net investment income (if negative, enter -0-)		1184702.		
	c Adjusted net income (if negative, enter -0-)			N/A	

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	15098.	22519.	22519.
	2 Savings and temporary cash investments	698249.	1126051.	1126051.
	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 11	15298508.	14837408.	23862345.
	c Investments - corporate bonds			
	Liabilities	11 Investments - land, buildings, and equipment basis ▶ 245193.		
Less accumulated depreciation ▶		231713.	245193.	245193.
12 Investments - mortgage loans				
13 Investments - other Stmt 12		8243274.	7830025.	7591232.
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)		24486842.	24061196.	32847340.
17 Accounts payable and accrued expenses				
18 Grants payable				
Net Assets or Fund Balances	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. ▶ <input type="checkbox"/>			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>			
	27 Capital stock, trust principal, or current funds	15098.	22519.	
	28 Paid-in or capital surplus, or land, bldg., and equipment fund	231713.	245193.	
	29 Retained earnings, accumulated income, endowment, or other funds	24240031.	23793484.	Statement 10
30 Total net assets or fund balances	24486842.	24061196.		
31 Total liabilities and net assets/fund balances	24486842.	24061196.		

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	24486842.
2 Enter amount from Part I, line 27a	2	-428062.
3 Other increases not included in line 2 (itemize) ▶ See Statement 9	3	2416.
4 Add lines 1, 2, and 3	4	24061196.
5 Decreases not included in line 2 (itemize) ▶	5	0.
6 Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	24061196.

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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				
b See Attached Statement				
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	2874667.	2361033.	598837.	
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			598837.	
2 Capital gain net income or (net capital loss)		2		598837.
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))
2015	1523507.	29436102.	.051756
2014	1434022.	31733783.	.045189
2013	1248271.	30240890.	.041278
2012	1116918.	27348890.	.040840
2011	1334051.	25421406.	.052477
2 Total of line 1, column (d)			2 .231540
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 .046308
4 Enter the net value of noncharitable-use assets for 2016 from Part X, line 5			4 30937514.
5 Multiply line 4 by line 3			5 1432654.
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 11847.
7 Add lines 5 and 6			7 1444501.
8 Enter qualifying distributions from Part XII, line 4			8 1594821.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1.
Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)

b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☒ and enter 1% of Part I, line 27b

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-)

3 Add lines 1 and 2

4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)

5 **Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-

6 Credits/Payments:

a 2016 estimated tax payments and 2015 overpayment credited to 2016

b Exempt foreign organizations - tax withheld at source

c Tax paid with application for extension of time to file (Form 8868)

d Backup withholding erroneously withheld

7 Total credits and payments. Add lines 6a through 6d

8 Enter any **penalty** for underpayment of estimated tax. Check here ☒ if Form 2220 is attached

9 **Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed**

10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid**

11 Enter the amount of line 10 to be **Credited to 2017 estimated tax**

6a	16744.
6b	
6c	
6d	
7	16744.
8	
9	
10	4897.
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?		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. \$ 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		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?	N/A	
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) <u>NC</u>		
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

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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)

	Yes	No
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)

	Yes	No
12		X

13 Did the foundation comply with the public inspection requirements for its annual returns and exemption application?

	Yes	No
13	X	

Website address **N/A**

14 The books are in care of **STEVEN R. ARMSTRONG CPA**

Telephone no. **919-967-0618**

Located at **STE 525, 100 EUROPA DRIVE, CHAPEL HILL, NC**

ZIP+4 **27514**

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

	Yes	No
15		X

and enter the amount of tax-exempt interest received or accrued during the year

N/A

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?

	Yes	No
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.

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

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?

	Yes	No
1b		
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 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

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

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

	Yes	No
2a		
2b		

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

4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?

	Yes	No
3b		
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?

	Yes	No
4b		X

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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

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

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
See Statement 13		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

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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	30373965.
b	Average of monthly cash balances	1b	1034679.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	31408644.
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	31408644.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	471130.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	30937514.
6	Minimum investment return. Enter 5% of line 5	6	1546876.

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	1546876.
2a	Tax on investment income for 2016 from Part VI, line 5	2a	11847.
b	Income tax for 2016. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	11847.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1535029.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	1535029.
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	1535029.

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	1581342.
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	13479.
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	1594821.
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	11847.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	1582974.

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.

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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				1535029.
2 Undistributed income, if any, as of the end of 2016				
a Enter amount for 2015 only			1440203.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2016:				
a From 2011				
b From 2012				
c From 2013				
d From 2014				
e From 2015				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2016 from Part XII, line 4. ► \$ 1594821.				
a Applied to 2015, but not more than line 2a			1440203.	
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 2016 distributable amount				154618.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2016 (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 2015. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2016. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2017				1380411.
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 2011 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2017. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9:				
a Excess from 2012				
b Excess from 2013				
c Excess from 2014				
d Excess from 2015				
e Excess from 2016				

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				
UNC SCHOOL OF THE ARTS FOUNDATION 1533 S. MAIN STREET WINSTON SALEM, NC 27127		PUBLIC	SUPPORT FOR THE THOMAS S. KENAN III INSTITUTE FOR THE ARTS	1475000.
Total			3a	1475000.
b Approved for future payment				
None				
Total			3b	0.

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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
		(a) Business code	(b) Amount	(c) Exclu- sion 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	9709.	
4	Dividends and interest from securities			14	657726.	
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	2724.	
8	Gain or (loss) from sales of assets other than inventory			18	598837.	
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.		1268996.	0.
13	Total. Add line 12, columns (b), (d), and (e)					

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

13 1268996.

Part XVI-B

Relationship of Activities to the Accomplishment of Exempt Purposes

[illegible]

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

- | <p>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?</p> <p>a Transfers from the reporting foundation to a noncharitable exempt organization of:</p> <p>(1) Cash</p> <p>(2) Other assets</p> <p>b Other transactions:</p> <p>(1) Sales of assets to a noncharitable exempt organization</p> <p>(2) Purchases of assets from a noncharitable exempt organization</p> <p>(3) Rental of facilities, equipment, or other assets</p> <p>(4) Reimbursement arrangements</p> <p>(5) Loans or loan guarantees</p> <p>(6) Performance of services or membership or fundraising solicitations</p> <p>c Sharing of facilities, equipment, mailing lists, other assets, or paid employees</p> <p>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.</p> | <table border="1"> <tr> <th></th> <th>Yes</th> </tr> <tr> <td>1a(1)</td> <td></td> </tr> <tr> <td>1a(2)</td> <td></td> </tr> <tr> <td>1b(1)</td> <td></td> </tr> <tr> <td>1b(2)</td> <td></td> </tr> <tr> <td>1b(3)</td> <td></td> </tr> <tr> <td>1b(4)</td> <td></td> </tr> <tr> <td>1b(5)</td> <td></td> </tr> <tr> <td>1b(6)</td> <td></td> </tr> <tr> <td>1c</td> <td></td> </tr> </table> | | Yes | 1a(1) | | 1a(2) | | 1b(1) | | 1b(2) | | 1b(3) | | 1b(4) | | 1b(5) | | 1b(6) | | 1c | |
|--|--|--|-----|-------|--|-------|--|-------|--|-------|--|-------|--|-------|--|-------|--|-------|--|----|--|
| | Yes | | | | | | | | | | | | | | | | | | | | |
| 1a(1) | | | | | | | | | | | | | | | | | | | | | |
| 1a(2) | | | | | | | | | | | | | | | | | | | | | |
| 1b(1) | | | | | | | | | | | | | | | | | | | | | |
| 1b(2) | | | | | | | | | | | | | | | | | | | | | |
| 1b(3) | | | | | | | | | | | | | | | | | | | | | |
| 1b(4) | | | | | | | | | | | | | | | | | | | | | |
| 1b(5) | | | | | | | | | | | | | | | | | | | | | |
| 1b(6) | | | | | | | | | | | | | | | | | | | | | |
| 1c | | | | | | | | | | | | | | | | | | | | | |


	Yes	No
1a(1)		X
1a(2)		X
1b(1)		X
1b(2)		X
1b(3)		X
1b(4)		X
1b(5)		X
1b(6)		X
1c		X

[illegible]

- 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		


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.

Sign Here:  Date: 1/25/18 Title: PRESIDENT

Signature of officer or trustee Date Title

May the IRS discuss this return with the preparer shown below (see instr. 7)?

☒ Yes ☐ No

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self-employed	PTIN
	STEVEN R. ARMSTRONG		1/25/18		P01366491
	Firm's name ▶ STEVEN R. ARMSTRONG				Firm's EIN ▶
	Firm's address ▶ STE 525, 100 EUROPA DRIVE CHAPEL HILL, NC 27514				Phone no. 919-967-0618

Form 990-PF (2016)

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 FROM AIF VII PRIVATE INVEST. K-1				
b FROM JPM US RE INC&GRWTH DOM. K-1				
c SEE STATEMENT		P		
d SEE STATEMENT		P		
e EXCESS DISTRIB. OVER BASIS AVENUE INT'L				
f Capital Gains Dividends				
g				
h				
i				
j				
k				
l				
m				
n				
o				

(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			18465.
b			4084.
c 177865.		170817.	7048.
d 2674250.		2190216.	484034.
e			62654.
f 22552.			22552.
g			
h			
i			
j			
k			
l			
m			
n			
o			

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) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			18465.
b			4084.
c			7048.
d			484034.
e			62654.
f			22552.
g			
h			
i			
j			
k			
l			
m			
n			
o			

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	598837.
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

DETAIL OF LONG-TERM CAPITAL GAINS AND LOSSES

Capital Gain/Loss Detail		Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Adjustment Code(s)	Amount of Adjustment	Gain or Loss
BAXTER INTL INC			03/30/2017	14.47	NONE			14.47
400. COCA COLA CO		01/29/2014	01/06/2017	16,651.27	15,156.88			1,494.39
1180. COCA COLA CO		01/29/2014	02/01/2017	48,752.87	44,712.80			4,040.07
770 COCA COLA CO		01/29/2014	02/10/2017	31,361.03	29,176.99			2,184.04
750. COCA COLA CO		01/29/2014	02/24/2017	31,267.93	28,419.15			2,848.78
257.785 DODGE & INTERNATIONAL STOCK FUND		07/11/2007	01/06/2017	10,100.00	12,837.69			-2,737.69
774.032 DODGE & INTERNATIONAL STOCK FUND		07/11/2007	02/01/2017	31,000.00	38,546.79			-7,546.79
507.929 DODGE & INTERNATIONAL STOCK FUND		07/11/2007	02/10/2017	20,500.00	25,294.86			-4,794.86
508 811 DODGE & INTERNATIONAL STOCK FUND		07/11/2007	02/24/2017	20,500.00	25,338.79			-4,838.79
404.135 DOUBLELINE TOTL RET BND-I		02/03/2012	01/06/2017	4,300.00	4,502.06			-202.06
1206 409 DOUBLELINE TOTL RET BND-I		02/03/2012	02/01/2017	12,800.00	13,439.40			-639.40
798.122 DOUBLELINE TOTL RET BND-I		02/03/2012	02/10/2017	8,500.00	8,891.08			-391.08
776.427 DOUBLELINE TOTL RET BND-I		02/03/2012	02/24/2017	8,300.00	8,649.40			-349.40
360. EMERSON ELEC CO		VAR	01/06/2017	20,186.38	17,084.40			3,101.98
1060. EMERSON ELEC CO		08/30/2011	02/01/2017	62,151.63	49,116.90			13,034.73
690 EMERSON ELEC CO		08/30/2011	02/10/2017	43,606.07	31,972.32			11,633.75
690 EMERSON ELEC CO		08/30/2011	02/24/2017	41,519.84	31,972.32			9,547.52
FEDERAL NATL MTG ASSN			12/28/2016	14.96	NONE			14.96
FEDERAL NATL MTG ASSN			02/28/2017	81.41	NONE			81.41
60. INTERNATIONAL BUSINESS MACHS CORP		06/25/2013	01/06/2017	10,067.48	11,640.89			-1,573.41
180 INTERNATIONAL BUSINESS MACHS CORP		06/25/2013	02/01/2017	31,219.41	34,922.68			-3,703.27
120. INTERNATIONAL BUSINESS MACHS CORP		06/25/2013	02/10/2017	21,434.53	23,281.79			-1,847.26
110. INTERNATIONAL BUSINESS MACHS CORP		06/25/2013	02/24/2017	19,828.71	21,341.64			-1,512.93
2380. INTERNATIONAL BUSINESS MACHS CORP		VAR	06/28/2017	369,571.92	436,317.18			-66,745.26
50 ISHARES RUSSELL MIDCAP INDEX FUND		03/30/2015	01/06/2017	9,078.30	8,703.75			374.55
150. ISHARES RUSSELL MIDCAP INDEX FUND		03/30/2015	02/01/2017	27,385.65	26,111.25			1,274.40
99 ISHARES RUSSELL MIDCAP INDEX FUND		03/30/2015	02/10/2017	18,465.56	17,233.42			1,232.14
100. ISHARES RUSSELL MIDCAP INDEX FUND		03/30/2015	02/24/2017	18,727.09	17,407.50			1,319.59
380 JOHNSON & JOHNSON		VAR	01/06/2017	44,146.76	30,178.45			13,968.31
1140 JOHNSON & JOHNSON		VAR	02/01/2017	128,503.46	70,500.72			58,002.74
750 JOHNSON & JOHNSON		07/13/2010	02/10/2017	86,808.35	45,505.57			41,302.78
710 JOHNSON & JOHNSON		07/13/2010	02/24/2017	86,864.33	43,078.61			43,785.72
1990 JOHNSON & JOHNSON		VAR	06/28/2017	265,970.65	120,633.96			145,336.69
Totals								

USA
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DETAIL OF LONG-TERM CAPITAL GAINS AND LOSSES

Capital Gain/Loss Detail		Date Acquired	Date Sold	Gross Sales Price	Cost or Other Basis	Adjustment Code(s)	Amount of Adjustment	Gain or Loss
874.786 JPMORGAN STRATEGIC INCOME OPPTYS FUND SEL		11/11/2009	01/06/2017	10,200.00	10,103.78			96.22
2597.832 JPMORGAN STRATEGIC INCOME OPPTYS FUND SEL		11/11/2009	02/01/2017	30,200.00	29,889.46			310.54
1710.864 JPMORGAN STRATEGIC INCOME OPPTYS FUND SEL		11/11/2009	02/10/2017	20,000.00	19,760.48			239.52
1693.761 JPMORGAN STRATEGIC INCOME OPPTYS FUND SEL		11/11/2009	02/24/2017	19,700.00	19,447.44			252.56
485.175 JPMORGAN HIGHYIELD BOND FUND		10/25/2007	01/06/2017	3,600.00	4,070.92			-470.92
1428.571 JPMORGAN HIGHYIELD BOND FUND		10/25/2007	02/01/2017	10,600.00	11,986.61			-1,386.61
939.597 JPMORGAN HIGHYIELD BOND FUND		10/25/2007	02/10/2017	7,000.00	7,883.81			-883.81
937.082 JPMORGAN HIGHYIELD BOND FUND		10/25/2007	02/24/2017	7,000.00	7,862.71			-862.71
1654.344 JPMORGAN SHORT DURATION BOND FUND		02/29/2008	01/06/2017	17,900.00	17,883.46			16.54
4899.094 JPMORGAN SHORT DURATION BOND FUND		02/29/2008	02/01/2017	52,900.00	52,851.11			48.89
3240.997 JPMORGAN SHORT DURATION BOND FUND		02/29/2008	02/10/2017	35,100.00	35,035.18			64.82
3182.657 JPMORGAN SHORT DURATION BOND FUND		02/29/2008	02/24/2017	34,500.00	34,404.52			95.48
140. KIMBERLY CLARK CORP		08/31/2010	01/06/2017	16,201.85	8,651.88			7,549.97
430. KIMBERLY CLARK CORP		08/31/2010	02/01/2017	51,962.30	26,573.62			25,388.68
280. KIMBERLY CLARK CORP		08/31/2010	02/10/2017	34,648.15	17,303.75			17,344.40
280. KIMBERLY CLARK CORP		08/31/2010	02/24/2017	37,314.27	17,303.75			20,010.52
115.139 MATTHEWS PACIFIC TIGER INSTL FUND		07/06/2006	01/06/2017	2,700.00	2,310.44			389.56
347.251 MATTHEWS PACIFIC TIGER INSTL FUND		07/06/2006	02/01/2017	8,400.00	6,968.12			1,431.88
229.008 MATTHEWS PACIFIC TIGER INSTL FUND		07/06/2006	02/10/2017	5,700.00	4,595.40			1,104.60
223.821 MATTHEWS PACIFIC TIGER INSTL FUND		07/06/2006	02/24/2017	5,600.00	4,491.31			1,108.69
. MERCK & CO INC			02/28/2017	11.07	NONE			11.07
610. MICROSOFT CORP		06/01/2012	06/28/2017	42,531.32	17,463.63			25,067.69
310. PROCTER & GAMBLE CO		VAR	01/06/2017	26,247.68	20,311.70			5,935.98
940. PROCTER & GAMBLE CO		07/13/2010	02/01/2017	81,897.68	58,919.29			22,978.39
610. PROCTER & GAMBLE CO		07/13/2010	02/10/2017	53,886.65	38,234.86			15,651.79
600. PROCTER & GAMBLE CO		07/13/2010	02/24/2017	54,555.07	37,608.06			16,947.01
971.806 T ROWE PRICE NEW ASIA-I		07/11/2007	02/24/2017	16,200.00	18,339.22			-2,139.22
497.449 T ROWE PRICE INTERNATIONAL FUNDS INC		07/11/2007	01/06/2017	7,800.00	9,381.89			-1,581.89
1496.64 T ROWE PRICE INTERNATIONAL FUNDS INC		07/11/2007	02/01/2017	24,500.00	28,226.63			-3,726.63
988.547 T ROWE PRICE INTERNATIONAL FUNDS INC		07/11/2007	02/10/2017	16,400.00	18,644.00			-2,244.00
120. S & P 500 DEP RCPTS		04/10/2014	01/06/2017	27,139.16	22,439.22			4,699.94
350. S & P 500 DEP RCPTS		04/10/2014	02/01/2017	79,563.27	65,447.72			14,115.55
234. S & P 500 DEP RCPTS		04/10/2014	02/10/2017	54,193.21	43,756.48			10,436.73
Totals								

JSA
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Form 990-PF Interest on Savings and Temporary Cash Investments Statement 1

Source	(a) Revenue Per Books	(b) Net Investment Income	(c) Adjusted Net Income
FROM AIF VII PRIVATE INV., LLC	739.	739.	
JPMORGAN CHASE BANK	8970.	8970.	
Total to Part I, line 3	9709.	9709.	

Form 990-PF Dividends and Interest from Securities Statement 2

Source	Gross Amount	Capital Gains Dividends	(a) Revenue Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income
FROM AIF VII PRIVATE INV. K-1	2234.	0.	2234.	2234.	
FROM JPM US RE INC&GRWTH DOMESTIC	11343.	0.	11343.	11343.	
JPMORGAN CHASE BANK	666701.	22552.	644149.	644149.	
To Part I, line 4	680278.	22552.	657726.	657726.	

Form 990-PF Other Income Statement 3

Description	(a) Revenue Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income
OTHER - FROM AIF VII K-1	2724.	2724.	
Total to Form 990-PF, Part I, line 11	2724.	2724.	

Form 990-PF Legal Fees Statement 4

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
SCHELL BRAY ET AL	4670.	0.		4670.
To Fm 990-PF, Pg 1, ln 16a	4670.	0.		4670.

Form 990-PF Accounting Fees Statement 5

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
STEVEN ARMSTRONG, CPA	16092.	3360.		12732.
To Form 990-PF, Pg 1, ln 16b	16092.	3360.		12732.

Form 990-PF Other Professional Fees Statement 6

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
JPMORGAN CHASE BANK	70209.	70209.		0.
To Form 990-PF, Pg 1, ln 16c	70209.	70209.		0.

Form 990-PF Taxes Statement 7

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
FEDERAL EXCISE TAX	5000.	0.		0.
FOREIGN TAX	26422.	0.		0.
To Form 990-PF, Pg 1, ln 18	31422.	0.		0.

Form 990-PF	Other Expenses			Statement	8
Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes	
ADMINISTRATIVE SERVICES	85603.	0.		85603.	
FROM AIF VII PRIVATE INV., LLC	1429.	1429.		0.	
FROM JPM RE GROWTH & INCOME, LP	9057.	9057.		0.	
OTHER	228.	228.		0.	
To Form 990-PF, Pg 1, ln 23	96317.	10714.		85603.	

Form 990-PF	Other Increases in Net Assets or Fund Balances		Statement	9
Description			Amount	
NONTAXABLE DISTRIBUTIONS DUE TO TAX BASIS (BOOK/TAX DIFFERENCE)			2414.	
ROUNDING			2.	
Total to Form 990-PF, Part III, line 3			2416.	

Form 990-PF	Other Funds		Statement	10
Description	(A) Beginning of Year	(B) End of Year		
Endowment Fund	24240031.	23793484.		
Total to Form 990-PF, Part II, line 29	24240031.	23793484.		

Form 990-PF	Corporate Stock	Statement 11
-------------	-----------------	--------------

Description	Book Value	Fair Market Value
JPMORGAN EQUITIES	4707963.	6623765.
JPMORGAN LARGE CAP-SEGREGATED	10129445.	17238580.
Total to Form 990-PF, Part II, line 10b	14837408.	23862345.

Form 990-PF	Other Investments	Statement 12
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Description	Valuation Method	Book Value	Fair Market Value
JPMORGAN FIXED INCOME	COST	4392866.	4415882.
JPMORGAN ALTERNATIVE INVESTMENTS	COST	3437159.	3175350.
Total to Form 990-PF, Part II, line 13		7830025.	7591232.

Form 990-PF

Part VIII - List of Officers, Directors
Trustees and Foundation Managers

Statement 13

Name and Address	Title and Avrg Hrs/Wk	Compen- sation	Employee Ben Plan Expense Contrib Account	
THOMAS S KENAN III 106 LAUREL HILL CIRCLE CHAPEL HILL, NC	CHAIRMAN/DIRECTOR 0.00	0.	0.	0.
LIZA KENAN HOWELL 4940 BEAR VIEW DR PARK CITY, UT	DIRECTOR 0.00	0.	0.	0.
ELIZABETH PRICE KENAN P.O. BOX 4150 CHAPEL HILL, NC	VICE PRESIDENT/DIRECTOR 0.00	0.	0.	0.
DANIEL W DRAKE 11 FERRIS HILL RD NEW CANAAN, CT	PRESIDENT/SECRETARY/DIRECTOR 0.00	0.	0.	0.
J HAYWOOD DAVIS 150 EAST 73RD ST NEW YORK, NY	DIRECTOR 0.00	0.	0.	0.
ROBERT P. BAYNARD, JR. 345 PARK AVENUE, FLOOR 7 NEW YORK, NY	DIRECTOR 0.00	0.	0.	0.
VANESSA TALBERT 5131 DAWNWOOD DR MEBANE, NC	ASSISTANT SECRETARY 0.00	0.	0.	0.
STEVEN R ARMSTRONG 111 CHARIOT COURT CARY, NC	ASSISTANT TREASURER 0.00	0.	0.	0.
Totals included on 990-PF, Page 6, Part VIII		0.	0.	0.