

For calendar year 2018, or tax year beginning 01-01-2018, and ending 12-31-2018

Name of foundation KERMIT G PHILLIPS II CHARITABLE TRUST AKA PHILLIPS FOUNDATION		A Employer identification number 04-6977585	
Number and street (or P O box number if mail is not delivered to street address) PO BOX 4034		Room/suite	B Telephone number (see instructions) (336) 458-0806
City or town, state or province, country, and ZIP or foreign postal code GREENSBORO, NC 27404		C If exemption application is pending, check here ▶ ☐	
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ Name change		D 1. Foreign organizations, check here ▶ ☐ 2 Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐	
H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation		E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐	
I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ 53,513,713		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐	
J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____ (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) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)				
	2 Check ☒ if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities . . .	1,212,506	1,212,506		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	2,553,228			
	b Gross sales price for all assets on line 6a 2,757,360				
	7 Capital gain net income (from Part IV, line 2) . . .		2,553,228		
	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) (attach schedule)				
	11 Other income (attach schedule)	 883,723	0		
	12 Total. Add lines 1 through 11	4,649,457	3,765,734		
	13 Compensation of officers, directors, trustees, etc	0	0		0
	14 Other employee salaries and wages	180,419	0		88,044
	15 Pension plans, employee benefits	9,479	0		4,626
	16a Legal fees (attach schedule)	 11,180	0		0
	b Accounting fees (attach schedule)	 17,478	0		0
	c Other professional fees (attach schedule)	 180,624	148,817		12,636
	17 Interest				
	18 Taxes (attach schedule) (see instructions) . . .	 172,554	0		6,952
	19 Depreciation (attach schedule) and depletion . . .	 6,422	0		
	20 Occupancy				
	21 Travel, conferences, and meetings	48,407	0		48,407
	22 Printing and publications				
	23 Other expenses (attach schedule)	 123,816	2,014		74,150
	24 Total operating and administrative expenses. Add lines 13 through 23	750,379	150,831		234,815
	25 Contributions, gifts, grants paid	1,824,714			1,824,714
	26 Total expenses and disbursements. Add lines 24 and 25	2,575,093	150,831		2,059,529
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	2,074,364			
	b Net investment income (if negative, enter -0-)		3,614,903		
c Adjusted net income (if negative, enter -0-) . . .					

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash—non-interest-bearing	176,288	830,255	830,255
	2 Savings and temporary cash investments	473,075	365,654	365,654
	3 Accounts receivable ▶ _____ Less allowance for doubtful accounts ▶ _____	1,980		
	4 Pledges receivable ▶ _____ Less allowance for doubtful accounts ▶ _____			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶ _____ Less allowance for doubtful accounts ▶ _____			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U S and state government obligations (attach schedule)	1,232,735	1,801,397	1,801,358
	b Investments—corporate stock (attach schedule)	37,733,794	41,330,594	40,826,644
	c Investments—corporate bonds (attach schedule)	1,953,252	1,181,197	1,165,073
	11 Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____	176,215		
	12 Investments—mortgage loans	1,907,339	250,000	250,000
	13 Investments—other (attach schedule)	15,103,893	8,964,720	7,773,476
	14 Land, buildings, and equipment basis ▶ <u>527,795</u> Less accumulated depreciation (attach schedule) ▶ <u>26,542</u>	503,200	501,253	501,253
15 Other assets (describe ▶ _____)				
16 Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	59,261,771	55,225,070	53,513,713	
Liabilities	17 Accounts payable and accrued expenses	6,219	12,309	
	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)	6,219	12,309	
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ ☒ and complete lines 27 through 31.			
	27 Capital stock, trust principal, or current funds	0	0	
	28 Paid-in or capital surplus, or land, bldg , and equipment fund	0	0	
	29 Retained earnings, accumulated income, endowment, or other funds	59,255,552	55,212,761	
30 Total net assets or fund balances (see instructions)	59,255,552	55,212,761		
31 Total liabilities and net assets/fund balances (see instructions) .	59,261,771	55,225,070		

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	59,255,552
2 Enter amount from Part I, line 27a	2	2,074,364
3 Other increases not included in line 2 (itemize) ▶ _____	3	0
4 Add lines 1, 2, and 3	4	61,329,916
5 Decreases not included in line 2 (itemize) ▶ _____	5	6,117,155
6 Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30 .	6	55,212,761

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)
1 a REALIZED GAIN/LOSS - SEE ATTACHED		P		
b LTCG DISTRIBUTIONS		P		
c REAL ESTATE		P		2018-12-31
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 2,151,495			2,151,495
b 463,865			463,865
c 142,000		204,132	-62,132
d			
e			

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	
a			2,151,495
b			463,865
c			-62,132
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	2,553,228
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	

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 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))
2017	1,934,723	56,742,424	0 034097
2016	5,053,822	51,985,623	0 097216
2015	3,114,099	58,199,075	0 053508
2014	2,727,587	57,230,106	0 047660
2013	721,187	44,472,423	0 016216
2 Total of line 1, column (d)			2 0 248697
3 Average distribution ratio for the 5-year base period—divide the total on line 2 by 5 0, or by the number of years the foundation has been in existence if less than 5 years			3 0 049739
4 Enter the net value of noncharitable-use assets for 2018 from Part X, line 5			4 58,477,153
5 Multiply line 4 by line 3			5 2,908,595
6 Enter 1% of net investment income (1% of Part I, line 27b)			6 36,149
7 Add lines 5 and 6			7 2,944,744
8 Enter qualifying distributions from Part XII, line 4			8 2,159,529

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b	1	72,298
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	72,298
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	72,298
6	Credits/Payments		
a	2018 estimated tax payments and 2017 overpayment credited to 2018	6a	0
b	Exempt foreign organizations—tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	95,390
d	Backup withholding erroneously withheld	6d	0
7	Total credits and payments. Add lines 6a through 6d.	7	95,390
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	2,491
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	20,601
11	Enter the amount of line 10 to be Credited to 2019 estimated tax ☐ 20,601 Refunded ☐	11	0

Part VII-A Statements Regarding Activities

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	Yes	No
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? (see Instructions for definition). If the answer is "Yes" to 1a or 1b , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities	1b		No
c	Did the foundation file Form 1120-POL for this year?	1c		No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation ☐ \$ 0 (2) On foundation managers ☐ \$ 0			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ☐ \$ 0			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities	2		No
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		No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a	Yes	
b	If "Yes," has it filed a tax return on Form 990-T for this year?	4b	Yes	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T	5		No
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	Yes	
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	Yes	
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	Yes	
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 2018 or the taxable year beginning in 2018? See the instructions for Part XIV. If "Yes," complete Part XIV	9		No
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		No

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.	11	Yes	
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address WWW.PHILLIPSFUNDATIONNC.ORG	13	Yes	
14	The books are in care of LBA HAYNES STRAND PLLC Telephone no (704) 841-1120			

Located at **212 W MATTHEWS ST STE 102 MATTHEWS NC** ZIP+4 **28105**

15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —check here ☐ and enter the amount of tax-exempt interest received or accrued during the year 15		
16	At any time during calendar year 2018, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes", enter the name of the foreign country ▶	16	Yes No

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)		Yes	No
	(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. ☐	1b		
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 2018? ☐	1c		No
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 2018, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2018? ☐ 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). ☐	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 2018 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 2018). ☐	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
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 2018?	4b		No

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		Yes	No
(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.		5b	
c	Organizations relying on a current notice regarding disaster assistance check here. 	☐		
	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?	☐ 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	6b	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			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☒ No	7b	
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?			
8	Is the foundation subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment during the year?	☐ Yes ☒ No		

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

1 List all officers, directors, trustees, foundation managers and their compensation. See instructions				
(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Additional Data Table				
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
CATHERINE BURNETT PO BOX 4034 GREENSBORO, NC 27404	CHIEF OPERATING OFFI 40 00	73,352	5,135	0
PAMELA BILODEAU PO BOX 4034 GREENSBORO, NC 27404	EXECUTIVE COORDINATO 40 00	62,066	4,345	0
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
MORGAN STANLEY 333 W SAN CARLOS ST STE 1100 SAN JOSE, CA 95110	INVESTMENT MANAGEMENT	148,817
Total number of others receiving over \$50,000 for professional services. ►		0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 FAMILY WELLNESS THE PHILLIPS FOUNDATION SEEKS TO LEVERAGE THE FOUNDATION'S EXISTING GRANT PARTNERSHIPS TO EVOLVE TOWARD UPSTREAM PREVENTION OF SOCIAL ISSUES BY ADDRESSING ROOT PROBLEMS OF FAMILY BREAKDOWN AND DYSFUNCTION THROUGH RESEARCH-BASED TOOLS FOR HEALTHY RELATIONSHIPS AND FAMILY WELLNESS THIS DIRECT CHARITABLE ACTIVITY CARRIES OUT THE EDUCATIONAL AND CHARITABLE PURPOSES OF THE FOUNDATION	0
2 HOMELESSNESS THE PHILLIPS FOUNDATION SEEKS TO IMPROVE ITS APPROACH TO PREVENTING AND ENDING HOMELESSNESS THROUGH LEVERAGING SUCCESSFUL GRANTEE MODELS (SUCH AS HOUSING FIRST AND YV LIFESET), CONVENE WITH PARTNERS TO DEVELOP LARGE SCALE SOLUTIONS, AND FOSTER COLLABORATION AMONG PARTNERS AND PHILLIPS FOUNDATION TO SCALE OUT INITIATIVES MORE BROADLY THE PHILLIPS FOUNDATION ALSO AIMS TO LEARN FROM ITS GRANTEES HOW THE FOUNDATION'S INVESTMENTS IN THEM CAN BE LEVERAGED MORE FULLY THIS DIRECT CHARITABLE ACTIVITY CARRIES OUT THE EDUCATIONAL AND CHARITABLE PURPOSES OF THE FOUNDATION	0
3 IMPACT INVESTING THE PHILLIPS FOUNDATION SEEKS TO CREATE A PLATFORM TO AMPLIFY SOCIAL AND ENVIRONMENTAL VALUE THROUGH FINANCIAL INVESTMENTS, A PRACTICE KNOWN AS IMPACT INVESTING THROUGH A SERIES OF EVENTS, GATHERINGS, AND COLLABORATIONS THAT BRING TOGETHER A VARIETY OF STAKEHOLDERS, THE FOUNDATION WILL MEET THIS MISSION-RELATED GOAL THROUGH ACTIVITIES INCLUDING BUT NOT LIMITED TO PROVIDING EDUCATIONAL PROGRAMS, CONVENING PARTNERS, FOSTERING COLLABORATION, CREATING DEAL-FLOW, AND EXPLORING OPPORTUNITIES THIS DIRECT CHARITABLE ACTIVITY CARRIES OUT THE EDUCATIONAL AND CHARITABLE PURPOSES OF THE FOUNDATION	14,435
4 EDUCATION THE PHILLIPS FOUNDATION SEEKS TO ENHANCE THE RESULTS OF ITS GRANTMAKING IN EDUCATION, TO GROW EDUCATION-RELATED INITIATIVES LEVERAGING ITS BODY OF WORK, THE FOUNDATION WILL DEVELOP PROGRAMS, COLLABORATIONS, AND TECHNOLOGY DESIGNED TO INSPIRE LEARNING AND ADDRESS IMPEDIMENTS TO CHILDREN AND YOUTH REACHING THEIR FULL POTENTIAL AS GENEROUS AND IMPACT-DRIVEN ADULTS THROUGH EXPLORATION OF PARTNERSHIPS WITH OTHERS IN THE FIELD, COUPLED WITH ORIGINAL PROGRAMS DESIGNED TO EDUCATE CHILDREN AND YOUTH ABOUT GENEROSITY, STEWARDSHIP, AND SOCIAL RESPONSIBILITY, THE FOUNDATION WILL INNOVATE, CONVENE, AND COLLABORATE TO EFFECT POSITIVE CHANGE THIS DCA CARRIES OUT THE EDUCATIONAL AND CHARITABLE PURPOSES OF THE FOUNDATION	0

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 LOCAL INITIATIVE SUPPORT COALITION - NYC	100,000
2	
All other program-related investments See instructions	
3	
Total. Add lines 1 through 3 ►	100,000

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	42,056,944
b	Average of monthly cash balances.	1b	1,259,592
c	Fair market value of all other assets (see instructions).	1c	16,051,132
d	Total (add lines 1a, b, and c).	1d	59,367,668
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	59,367,668
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	890,515
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	58,477,153
6	Minimum investment return. Enter 5% of line 5.	6	2,923,858

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	2,923,858
2a	Tax on investment income for 2018 from Part VI, line 5.	2a	72,298
b	Income tax for 2018 (This does not include the tax from Part VI).	2b	87,430
c	Add lines 2a and 2b.	2c	159,728
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	2,764,130
4	Recoveries of amounts treated as qualifying distributions.	4	0
5	Add lines 3 and 4.	5	2,764,130
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	2,764,130

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	2,059,529
b	Program-related investments—total from Part IX-B.	1b	100,000
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	2,159,529
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	2,159,529

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 2017	(c) 2017	(d) 2018
1 Distributable amount for 2018 from Part XI, line 7				2,764,130
2 Undistributed income, if any, as of the end of 2018				
a Enter amount for 2017 only.			0	
b Total for prior years 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2018				
a From 2013.				
b From 2014.				
c From 2015.				
d From 2016.				1,023,032
e From 2017.				
f Total of lines 3a through e.	1,023,032			
4 Qualifying distributions for 2018 from Part XII, line 4 ▶ \$ 2,159,529				
a Applied to 2017, but not more than line 2a			0	
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 2018 distributable amount.				2,159,529
e Remaining amount distributed out of corpus	0			
5 Excess distributions carryover applied to 2018 (If an amount appears in column (d), the same amount must be shown in column (a))	604,601			604,601
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	418,431			
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 2017 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2018 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2019				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).	0			
8 Excess distributions carryover from 2013 not applied on line 5 or line 7 (see instructions).	0			
9 Excess distributions carryover to 2019. Subtract lines 7 and 8 from line 6a	418,431			
10 Analysis of line 9				
a Excess from 2014.				
b Excess from 2015.				
c Excess from 2016.				418,431
d Excess from 2017.				
e Excess from 2018.				

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 2018, enter the date of the ruling. ▶					
b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)					
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	Tax year	Prior 3 years			(e) Total
	(a) 2018	(b) 2017	(c) 2016	(d) 2015	
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))	
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 KEITH PHILLIPS	
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. to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.	
a The name, address, and telephone number or email address of the person to whom applications should be addressed	
b The form in which applications should be submitted and information and materials they should include	
c Any submission deadlines	
d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors	

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

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i> See Additional Data Table				
Total			▶ 3a	
b <i>Approved for future payment</i>				
Total			▶ 3b	

Enter gross amounts unless otherwise indicated

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)
----------------------	--

Form **990-PF** (2018)

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

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

[illegible]

- 2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) (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 |
| | | |
| | | |
| | | |
| | | |

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 ***** Signature of officer or trustee	2019-11-05 Date	***** Title
---	-------------------------------------	---------------------------------

May the IRS discuss this return with the preparer shown below

(see instr)? ☒ **Yes** ☐ **No**

Paid Preparer Use Only	Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
	DAVID D FRASER		2019-11-05		P00283556
	Firm's name ▶ LBA HAYNES STRAND PLLC				Firm's EIN ▶ 20-4759472
	Firm's address ▶ 212 W MATTHEWS ST STE 102 MATTHEWS, NC 28105				Phone no (704) 841-1120

Form 990PF Part VIII Line 1 - List all officers, directors, trustees, foundation managers and their compensation

(a) Name and address	Title, and average hours per week (b) devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
KATHERINE PHILLIPS	TRUSTEE 1 00	0	0	0
PO BOX 4034 GREENSBORO, NC 27404				
KEITH PHILLIPS	TRUSTEE 1 00	0	0	0
PO BOX 4034 GREENSBORO, NC 27404				
KEVIN PHILLIPS	TRUSTEE 1 00	0	0	0
PO BOX 4034 GREENSBORO, NC 27404				
KERT PHILLIPS	TRUSTEE 1 00	0	0	0
PO BOX 4034 GREENSBORO, NC 27404				
ADAM TARLETON	PROTECTOR 1 00	0	0	0
PO BOX 4034 GREENSBORO, NC 27404				

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
ACTION GREENSBORO 203 S CHURCH ST GREENSBORO, NC 27401		PC	DOWNTOWN GREENWAY, OPERATIONS AND PROGRAMS SUPPORT	350,000
GREENSBORO CHILDREN'S MUSEUM INC 220 NORTH CHURCH STREET GREENSBORO, NC 27401		PC	ESTABLISH ENDOWMENT TO SUPPORT MAINTENANCE AND ENHANCED PROGRAMMING	100,000
THE COMMUNITY FOUNDATION OF GREATER GREENSBORO INC 330 SOUTH GREENE STREET SUITE 100 GREENSBORO, NC 27401		PC	TANGER PERFORMING ARTS CENTER	500,000
Total ▶ 3a				1,824,714

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
THE SALVATION ARMY 1311 S EUGENE ST PO BOX 5310 GREENSBORO, NC 27435		PC	SALVATION ARMY OF GREENSBORO BOYS & GIRLS CLUB	200,000
UNC-G EXCELLENCE FOUNDATION OFFICE OF THE CHANCELLOR UNCG 303 MOSSMAN BLDG GREENSBORO, NC 27402		PC	HEALTHY RELATIONSHIPS INITIATIVE	180,093
UNION SQUARE CAMPUS INC 2901 E LEE ST STE 2500 GREENSBORO, NC 27401		PC	UNION SQUARE CAMPUS	200,000
Total ▶ 3a				1,824,714

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment				
Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
YOUTH VILLAGES FOUNDATION INC 8430 UNIVERSITY EXECUTIVE PARK DR SUITE 655 CHARLOTTE, NC 28262		PC	YOUTH VILLAGES LIFESET IN GUILFORD COUNTY	289,621
GUILFORD EDUCATION ALLIANCE 5800 WEST FRIENDLY AVENUE GREENSBORO, NC 27410		PC	PROGRAM SUPPORT	5,000
Total ▶ 3a				1,824,714

TY 2018 Accounting Fees Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING	17,478	0		0

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2018 Depreciation Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Depreciation Schedule

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
2014 EQUIPMENT	2014-12-31	11,707	8,192	SL	5 0000000000000	2,341	0		
2014 FURN & FIXT	2014-12-31	22,330	11,158	SL	7 0000000000000	3,190	0		
2014 IMPROVE	2014-12-31	2,200	770	SL	10 0000000000000	220	0		
COMPUTERS	2018-04-11	4,475		SL	5 0000000000000	671	0		

TY 2018 Investments Corporate Bonds Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Investments Corporate Bonds Schedule

Name of Bond	End of Year Book Value	End of Year Fair Market Value
CORPORATE OBLIGATIONS - SEE ATTACHED STATEMENT	1,181,197	1,165,073

TY 2018 Investments Corporate Stock Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Investments Corporation Stock Schedule

Name of Stock	End of Year Book Value	End of Year Fair Market Value
CORPORATE STOCK - SEE ATTACHED STATEMENT	41,330,594	40,826,644

TY 2018 Investments Government Obligations Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

**US Government Securities - End
of Year Book Value:**

563,667

**US Government Securities - End
of Year Fair Market Value:**

562,010

**State & Local Government
Securities - End of Year Book
Value:**

1,237,730

**State & Local Government
Securities - End of Year Fair
Market Value:**

1,239,348

TY 2018 Investments - Other Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Investments Other Schedule 2

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
OTHER INVESTMENTS - SEE ATTACHED STATEMENT	AT COST	8,964,720	7,773,476

**TY 2018 Land, Etc.
Schedule**

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
2014 EQUIPMENT	11,707	10,533	1,174	
2014 FURN & FIXT	22,330	14,348	7,982	
2014 IMPROVE	2,200	990	1,210	
COMPUTERS	4,475	671	3,804	

TY 2018 Legal Fees Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
LEGAL	11,180	0		0

TY 2018 Other Decreases Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Description	Amount
UNREALIZED APPRECIATION/(LOSS)	6,116,765
PRIOR PERIOD ADJUSTMENT	390

TY 2018 Other Expenses Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Other Expenses Schedule

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ADVERTISING PROMOTION AND MARKETING	52,313	0		52,313
BANK CHARGES	2,014	2,014		0
BOARD MEETING EXPENSES	7,443	0		0
DUES SUBSCRIPTIONS & MEMBERSHIPS	26,007	0		0
INSURANCE	750	0		0
OFFICE EXPENSES	18,299	0		7,402
TEMPORARY SERVICES	2,555	0		0
IMPACT INVESTMENT	14,435	0		14,435

TY 2018 Other Income Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Other Income Schedule

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
K-1 INCOME	882,073	0	882,073
OTHER INCOME	1,650	0	1,650

TY 2018 Other Professional Fees Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
CONSULTING & OUTSIDE SERVICES	18,528	0		0
INVESTMENT ADVISORY FEES	148,817	148,817		0
OTHER PROFESSIONAL FEES	500	0		0
PAYROLL SERVICE FEES	279	0		136
IMPACT EVALUATION CONSULTANT	12,500	0		12,500

TY 2018 Taxes Schedule

Name: KERMIT G PHILLIPS II CHARITABLE TRUST
AKA PHILLIPS FOUNDATION

EIN: 04-6977585

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
PAYROLL TAXES	14,507	0		6,952
STATE TAXES	14,323	0		0
FEDERAL TAXES	142,487	0		0
PROPERTY TAXES	1,237	0		0