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Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation

2008

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2008, or tax year beginning 11/01/08, and ending 10/31/09

G Check all that apply Initial return Final return Amended return Address change Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.	Name of foundation The William R. Watts Fndn, Inc. c/o Greaton & Greaton		Room/suite	A Employer identification number 59-1971220
	Number and street (or P O box number if mail is not delivered to street address) PO Box 39238			B Telephone number (see page 10 of the instructions) 954-561-0313
	City or town, state, and ZIP code Fort Lauderdale FL 33339-9238			C If exemption application is pending, check here ► <input type="checkbox"/>
				D 1. Foreign organizations, check here ► <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation ► <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation			E If private foundation status was terminated under section 507(b)(1)(A), check here ► <input type="checkbox"/>	
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ 21,132,515		J Accounting method <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► <input type="checkbox"/>

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 pg. 11 of the instructions))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1	Contributions, gifts, grants, etc., received (attach schedule)				
2	Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch. B				
3	Interest on savings and temporary cash investments	676	676		
4	Dividends and interest from securities	664,659	664,659		
5a	Gross rents				
b	Net rental income or (loss)				
6a	Net gain or (loss) from sale of assets not on line 10	-1,211,428			
b	Gross sales price for all assets on line 6a	4,017,346			
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 & allowances				
b	Less: Cost of goods sold				
c	Gross profit or (loss) (attach schedule)				
11	Other income (attach schedule)	37,054	37,054		
12	Total. Add lines 1 through 11	-509,039	702,389	0	

SCANNED FEB 01 2010 Revenue

Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc			
	14	Other employee salaries and wages			
	15	Pension plans, employee benefits			
	16a	Legal fees (attach schedule)			
	b	Accounting fees (attach schedule)	Stmt 2	12,000	10,800
	c	Other professional fees (attach schedule)	Stmt 3	177,893	109,348
	17	Interest			
	18	Taxes (attach schedule) (see page 14 of the instructions)	Stmt 4	5,888	
	19	Depreciation (attach schedule) and depletion			
	20	Occupancy			
	21	Travel, conferences, and meetings			
	22	Printing and publications			
	23	Other expenses (att. sch.)	Stmt 5	1,401	509
	24	Total operating and administrative expenses.			
		Add lines 13 through 23		197,182	111,057
	25	Contributions, gifts, grants paid		900,000	900,000
	26	Total expenses and disbursements. Add lines 24 and 25		1,097,182	111,057
	27	Subtract line 26 from line 12:			
	a	Excess of revenue over expenses & disbursements		-1,606,221	
	b	Net investment income (if negative, enter -0-)		591,332	
	c	Adjusted net income (if negative, enter -0-)			0

For Privacy Act and Paperwork Reduction Act Notice, see page 30 of the instructions.

Form 990-PF (2008)

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P 16

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		
Assets	Description	Beginning of year		End of year
		(a) Book Value	(b) Book Value	(c) Fair Market Value
1	Cash—non-interest-bearing			
2	Savings and temporary cash investments	138,741	37,830	37,830
3	Accounts receivable ►	86,664		
	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 page 15 of the 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	15,833	15,833	15,833
10a	Investments—U S and state government obligations (attach schedule)			
b	Investments—corporate stock (attach schedule)	See Stmt 6	9,432,748	9,391,020
c	Investments—corporate bonds (attach schedule)	See Stmt 7	3,961,150	5,031,081
11	Investments—land, buildings, and equipment basis ►			
	Less accumulated depreciation (attach sch) ►			
12	Investments—mortgage loans	481,306	404,193	404,193
13	Investments—other (attach schedule)	See Statement 8	4,728,457	6,246,961
14	Land, buildings, and equipment basis ►			
	Less accumulated depreciation (attach sch) ►			
15	Other assets (describe ►	See Statement 9)	3,804	5,597
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)		18,848,703	21,132,515
Liabilities	17 Accounts payable and accrued expenses		13,933	6,924
	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)		13,933	6,924
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	18,834,770	21,125,591	
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input type="checkbox"/> 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 page 17 of the instructions)	18,834,770	21,125,591	
	31 Total liabilities and net assets/fund balances (see page 17 of the instructions)	18,848,703	21,132,515	

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	18,834,770
2	Enter amount from Part I, line 27a	2	-1,606,221
3	Other increases not included in line 2 (itemize) ► See Statement 10	3	3,897,042
4	Add lines 1, 2, and 3	4	21,125,591
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	21,125,591

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 Mutual Funds - See Attached Schedule		P	Various	Various
b Brandywine Global Fixed Income		P	Various	Various
c Class Action Settlements		P	Various	Various
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 3,566,481		4,788,071	-1,221,590	
b 446,732		440,703	6,029	
c 4,133			4,133	
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69				(i) 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			-1,221,590	
b			6,029	
c			4,133	
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	-1,211,428
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 pages 13 and 17 of the 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 page 18 of 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))
2007	1,084,867	20,998,035	0.051665
2006	1,084,213	21,911,365	0.049482
2005	968,938	19,346,606	0.050083
2004	912,214	16,273,007	0.056057
2003	765,825	16,972,828	0.045121

2 Total of line 1, column (d)

2 0.252408

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 0.050482

4 Enter the net value of noncharitable-use assets for 2008 from Part X, line 5

4 19,368,066

5 Multiply line 4 by line 3

5 977,739

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 5,913

7 Add lines 5 and 6

7 983,652

8 Enter qualifying distributions from Part XII, line 4

8 986,546

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 on page 18

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1.		
	Date of ruling letter: (attach copy of ruling letter if necessary—see instructions)	1	5,913
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> 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-)	2	0
3	Add lines 1 and 2	3	5,913
4	Subtotal 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	5,913
6	Credits/Payments		
a	2008 estimated tax payments and 2007 overpayment credited to 2008	6a	11,604
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	11,604
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> 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	5,691
11	Enter the amount of line 10 to be Credited to 2009 estimated tax ► 1,479	11	4,212
		Refunded	►

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?	Yes	No
1b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the 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		X
1c	Did the foundation file Form 1120-POL for this year?		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation ► \$ _____ (2) On foundation managers ► \$ _____		
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ _____		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities.	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?	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 page 19 of the instructions) ► FL		
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 2008 or the taxable year beginning in 2008 (see instructions for Part XIV on page 27)? 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)

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 page 20 of the instructions)	<input type="checkbox"/> 11	<input type="checkbox"/>	X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	<input type="checkbox"/> 12	<input type="checkbox"/>	X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ► None	<input type="checkbox"/> 13	<input checked="" type="checkbox"/> X	
14	The books are in care of ► Greaton & Greaton PO Box 39238 Located at ► Fort Lauderdale, FL	Telephone no ► 954-561-0313	ZIP+4 ► 33339	
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	► <input type="checkbox"/>	

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.

		<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
	(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)?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
	(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.)	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
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 page 20 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	► <input type="checkbox"/>		1b	X
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 2008?			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 2008, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2008? If "Yes," list the years ► 20 , 20 , 20 , 20	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
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 page 20 of the 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 ► 20 , 20 , 20 , 20			2b	
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/>	<input checked="" type="checkbox"/> Yes		
b	If "Yes," did it have excess business holdings in 2008 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 2008.)			N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?			3b	
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 2008?			4a	X
				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:	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	<input type="checkbox"/> Yes	N/A	5b
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? If "Yes," attach the statement required by Regulations section 53 4945-5(d)	N/A <input type="checkbox"/> Yes <input type="checkbox"/> No		
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		6b
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If you answered "Yes" to 6b, also file Form 8870.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	X	
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 page 22 of the instructions).**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
See Statement 11				

2 Compensation of five highest-paid employees (other than those included on line 1 —see page 23 of the 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



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 page 23 of the instructions). If none, enter "NONE."

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
Hammond Associates 101 S Hanley Rd, Ste 300,	St. Louis MO 63105	Investment 101,732
Greaton & Greaton PO Box 39238,	Fort Lauderdale FL 33339-9238	Management 76,161

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



0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc

Expenses

1 N/A

2

3

4

Part IX-B Summary of Program-Related Investments (see page 23 of the 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 page 24 of the instructions

3

Total. Add lines 1 through 3

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Part X Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see page 24 of the 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	19,395,709
b Average of monthly cash balances	1b	267,302
c Fair market value of all other assets (see page 24 of the instructions)	1c	0
d Total (add lines 1a, b, and c)	1d	19,663,011
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	19,663,011
4 Cash deemed held for charitable activities Enter 1½ % of line 3 (for greater amount, see page 25 of the instructions)	4	294,945
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	19,368,066
6 Minimum investment return. Enter 5% of line 5	6	968,403

Part XI Distributable Amount (see page 25 of the 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	968,403
2a Tax on investment income for 2008 from Part VI, line 5	2a	5,913
b Income tax for 2008. (This does not include the tax from Part VI.)	2b	
c Add lines 2a and 2b	2c	5,913
3 Distributable amount before adjustments. Subtract line 2c from line 1	3	962,490
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	962,490
6 Deduction from distributable amount (see page 25 of the instructions)	6	
7 Distributable amount as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1	7	962,490

Part XII Qualifying Distributions (see page 25 of the instructions)

1 Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes.	1a	986,546
a Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26	1b	
b Program-related investments—total from Part IX-B	2	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a	
3 Amounts set aside for specific charitable projects that satisfy the:	3b	
a Suitability test (prior IRS approval required)	4	986,546
b Cash distribution test (attach the required schedule)	5	5,913
4 Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	6	980,633
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 page 26 of the instructions)		
6 Adjusted qualifying distributions. Subtract line 5 from line 4		

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 page 26 of the instructions)

	(a) Corpus	(b) Years prior to 2007	(c) 2007	(d) 2008
1 Distributable amount for 2008 from Part XI, line 7				962,490
2 Undistributed income, if any, as of the end of 2007				
a Enter amount for 2007 only				
b Total for prior years: 20 _____, 20 _____, 20 _____				
3 Excess distributions carryover, if any, to 2008.				
a From 2003				
b From 2004	106,989			
c From 2005	24,034			
d From 2006	19,693			
e From 2007	58,167			
f Total of lines 3a through e	208,883			
4 Qualifying distributions for 2008 from Part XII, line 4: ► \$ 986,546				
a Applied to 2007, but not more than line 2a				
b Applied to undistributed income of prior years (Election required—see page 26 of the instructions)				
c Treated as distributions out of corpus (Election required—see page 26 of the instructions)				
d Applied to 2008 distributable amount				962,490
e Remaining amount distributed out of corpus	24,056			
5 Excess distributions carryover applied to 2008 (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:	232,939			
a Corpus. Add lines 3f, 4c, and 4e Subtract line 5				
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 page 27 of the instructions				
e Undistributed income for 2007. Subtract line 4a from line 2a. Taxable amount—see page 27 of the instructions				
f Undistributed income for 2008 Subtract lines 4d and 5 from line 1. This amount must be distributed in 2009				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see page 27 of the instructions)				
8 Excess distributions carryover from 2003 not applied on line 5 or line 7 (see page 27 of the instructions)				
9 Excess distributions carryover to 2009. Subtract lines 7 and 8 from line 6a	232,939			
10 Analysis of line 9				
a Excess from 2004	106,989			
b Excess from 2005	24,034			
c Excess from 2006	19,693			
d Excess from 2007	58,167			
e Excess from 2008	24,056			

Part XIV Private Operating Foundations (see page 27 of the 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 2008, enter the date of the ruling				<input checked="" type="checkbox"/> 4942(j)(3) or <input type="checkbox"/> 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				(e) Total
b	Check box to indicate whether the foundation is a private operating foundation described in section				
Tax year					
	Prior 3 years				
(a) 2008	(b) 2007	(c) 2006	(d) 2005		
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 page 27 of the 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))
N/A

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 page 28 of the instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed:
Wilson B. Greaton, Jr., President 954-561-0313
PO Box 39238, Fort Lauderdale FL 33339

b The form in which applications should be submitted and information and materials they should include
See Attached Statement Grant Guidelines

c Any submission deadlines:
See Statement 12

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:
See Statement 13

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 Paid during the year See Statement 14				900,000
Total			► 3a	900,000
b Approved for future payment N/A				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514	(e) Related or exempt function income (See page 28 of the instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	
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	676
4 Dividends and interest from securities			14	664,659
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	37,054
8 Gain or (loss) from sales of assets other than inventory			18	-1,211,428
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	-509,039	0
13 Total. Add line 12, columns (b), (d), and (e)	13		-509,039	

(See worksheet in line 13 instructions on page 2)

Part XVI-B Relationship of Ac-

Explain below how each activity for which income is received is related to the above activities.

Line No. Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed

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

Description	Revenue per Books	Net Investment Income	Adjusted Net Income
Mortgage Interest	\$ 28,987	\$ 28,987	\$
Dist. from Lim. Partnerships	\$ 8,067	\$ 8,067	\$
Total	\$ 37,054	\$ 37,054	0

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

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Indirect Accounting Fees	\$ 12,000	\$ 11,200	\$	\$ 10,800
Total	\$ 12,000	\$ 11,200	0	\$ 10,800

Statement 3 - Form 990-PF, Part I, Line 16c - Other Professional Fees

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Investment Advisory Fee	\$ 101,732	\$ 101,732	\$	\$
Office Management Fee	\$ 76,161	\$ 7,616	\$	\$ 74,854
Total	\$ 177,893	\$ 109,348	0	\$ 74,854

Statement 4 - Form 990-PF, Part I, Line 18 - Taxes

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Federal Excise Tax	\$ 5,888	\$	\$	\$
Total	\$ 5,888	0	0	0

59-1971220

Federal Statements**Statement 5 - Form 990-PF, Part I, Line 23 - Other Expenses**

Description	Total	Net Investment	Adjusted Net	Charitable Purpose
Expenses	\$ 768	192	\$ 576	
Insurance	633	317		316
Miscellaneous				
Total	<u>\$ 1,401</u>	<u>\$ 509</u>	<u>0</u>	<u>\$ 892</u>

Federal Statements**Statement 6 - Form 990-PF, Part II, Line 10b - Corporate Stock Investments**

Description		Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Equities		\$ 9,432,748	\$ 9,391,020	Market	\$ 9,391,020
Total		\$ 9,432,748	\$ 9,391,020		\$ 9,391,020

Statement 7 - Form 990-PF, Part II, Line 10c - Corporate Bond Investments

Description		Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Debt Securities		\$ 3,961,150	\$ 5,031,081	Market	\$ 5,031,081
Total		\$ 3,961,150	\$ 5,031,081		\$ 5,031,081

Statement 8 - Form 990-PF, Part II, Line 13 - Other Investments

Description		Beginning of Year	End of Year	Basis of Valuation	Fair Market Value
Real Estate		\$ 959,489	\$	Market	\$
Commodities		780,069	950,612	Market	950,612
Hedge Fund		2,053,284	2,204,831	Market	2,204,831
Private Equity Fund		935,615	1,094,294	Cost	1,094,294
Private Bond Fund			1,997,224	Market	1,997,224
Total		\$ 4,728,457	\$ 6,246,961		\$ 6,246,961

Statement 9 - Form 990-PF, Part II, Line 15 - Other Assets

Description		Beginning of Year	End of Year	Fair Market Value
Refundable Excise Tax		\$ 3,804	\$ 5,597	\$ 5,597
Total		\$ 3,804	\$ 5,597	\$ 5,597

Statement 10 - Form 990-PF, Part III, Line 3 - Other Increases

Description	Amount
Unrealized Gains on Investments	\$ 3,897,042
Total	\$ 3,897,042

Statement 11 - Form 990 PF, Part VIII, Line 1 – List of Officers, Directors, Trustees and Foundation Managers

<u>a Name and address</u>	<u>b Title and Average hours per week devoted to position</u>	<u>c Compensation (if not paid, enter -0-)</u>	<u>d Contribution to employee benefit plans and deferred compensation</u>	<u>e Expense Acc other allowances</u>
Wilson B. Greaton, Jr PO Box 39238 Fort Lauderdale, FL 33339-9238	President / 10	0	0	0
Elizabeth Greaton Stephany PO Box 39238 Fort Lauderdale, FL 33339-9238	VP/Secretary/Treasurer / 1+	0	0	0
William J. Rotella PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0
Javier Alberto Soto PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0
E. Hugh Chappell, Jr PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0
Paul E. Daly PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0
Alan Loehr PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0
Mary E. Donworth PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0
Richard G. Coker, Jr PO Box 39238 Fort Lauderdale, FL 33339-9238	Director / 1+	0	0	0

Federal Statements

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

Description

See Attached Statement Grant Guidelines

Statement 12 - Form 990-PF, Part XV, Line 2c - Submission Deadlines

Description

Requests must be submitted by August 1 of each fiscal year.

Statement 13 - Form 990-PF, Part XV, Line 2d - Award Restrictions or Limitations

Description

The foundation accepts unsolicited requests for funds. Donations are restricted to those charities whose principle offices are located in Dade and Broward counties of Florida with two exceptions. It will accept requests for funds from Presbyterian Theological Seminaries (for scholarships or tuition grants) and from Washington University in St. Louis, MO. A copy of the foundation's grant guidelines is attached.

Grant Guidelines

Foundation Purpose

The Foundation shall distribute portions of its income and principal each taxable year as determined by its Board. Distributions from the Foundation are restricted to charities whose principal offices and activities are located in Miami-Dade or Broward County, Florida, with exception, however, that distributions may be made to a Presbyterian Theological Seminary (regardless of its location) for their use in granting scholarships or tuition grants, and to Washington University, St. Louis, Missouri. No charity shall receive an annual distribution greater than 10% of the Foundation's total grants for the year.

Foundation Board

The Board of the Foundation consists of members appointed by the Dade Community Foundation, the Community Foundation of Broward, the Broward County Chapter of the Salvation Army, the Boys & Girls Club of Broward County, First Presbyterian Church of Fort Lauderdale, United Way of Broward and United Way of Miami-Dade. The attorney for the founder of the Foundation is also a member of the Board. It was Mr. Watts' anticipation that the Board would support the charities who appoint its members but would also have additional grants available for other worthy charities in Miami-Dade and Broward County, Florida.

Eligibility

Only nonprofit tax exempt organizations as defined by 501(c)(3) of the Internal Revenue Code are eligible to apply for grants. Grants to governmental agencies are made on a very restricted basis. Grants are not made to individuals, for memberships, for fund-raising events, nor for memorials.

Applying for a Grant

Please submit one, stapled (not bound) copy of your proposal. We will not accept faxed proposals. Please do not spend money or time on elaborate presentations. Address all applications to Wilson B. Greaton, Jr., President, The William R. Watts Foundation, Inc., Post Office Box 39238, Fort Lauderdale, Florida 33339-9238. Proposals are due by 5 p.m. August 1 (or the next business day if August 1 falls on a Saturday, Sunday or legal holiday) and should include the following:

A Cover Letter

The cover letter should be written on the organization's letterhead, addressed to the Foundation and signed by either the organization's chief executive officer or the chair/president of its governing board, and should include:

- Purpose of the grant, amount requested and grant start and end dates.
- Contact person, title, address and phone number.
- Fiscal agent if applicable, with contact person, title, address and phone number.
- A narrative consisting of no more than three typed pages.

The Budget

On a separate page, present a line-item budget reflecting all expenses and income for the project and identifying clearly how the Foundation's funds will be used. For income indicate what has been received and what is pending.

Attachments

Required attachments include:

- A list of the governing board and its officers.
- A copy of the IRS Determination Letter of 501(c)(3) status or fiscal agent's letter.
- Evidence of registration as a charitable organization with the Florida Department of Agriculture and Consumer Services.
- A copy of the organization's current fiscal year operating budget.
- Most recent Form 990 and audit.

Review Process

Applications are screened first for completeness and compliance with Foundation requirements. We may request additional information or conduct site visits as needed. Proposals are then reviewed by the Board of Directors. Final approval of grants rest with the Board which meets annually in September to consider grant requests. Applicants will be notified in writing of the Board's decision as quickly as possible following this meeting.

For more information, contact:
Wilson B. Greaton, Jr., President
The William R. Watts Foundation, Inc.
Post Office Box 39238
Fort Lauderdale, Florida 33339-9238
Telephone: (954) 561-0313

Statement 14 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

<u>Recipient</u>	<u>Relationship of Individual</u>	<u>Foundation Status</u>	<u>Purpose</u>	<u>Amount</u>
First Presbyterian Church of Ft Laud. 401 SE 15 Avenue Ft. Laud , FL 33301	N/A	Public	General	90,000
Boys & Girls Clubs of Broward County 877 NW 61 St Ft. Laud , FL 33309	N/A	Public	General	90,000
United Way of Broward County 1300 S Andrews Ave Ft. Laud , FL 33316	N/A	Public	General	90,000
United Way of Miami-Dade 3250 SW 3 Avenue Miami, FL 33129	N/A	Public	General	90,000
Broward County Chapter/Salvation Army PO Box 230 Ft Laud , FL 33302	N/A	Public	General	90,000
Dade Community Foundation 200 S Biscayne Blvd , #505 Miami, FL 33131	N/A	Public	General	90,000
Community Foundation of Broward 1401 E Broward Blvd , #100 Ft. Laud , FL 33301	N/A	Public	General	90,000
Habitat for Humanity of Broward, Inc. 3564 N Ocean Blvd. Ft Laud , FL 33308	N/A	Public	General	10,000
Gilda's Club of South Florida, Inc. 119 Rose Drive Ft Laud , FL 33316	N/A	Public	General	5,000
Light of the World Clinic 806 E Prospect Rd. Oakland Park, FL 33334	N/A	Public	General	5,000
Washington University Campus Box 1228 One Brookings Drive St Louis, MO 63130	N/A	Public	General	25,000

Statement 14 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

<u>Recipient</u>	<u>Relationship of Individual</u>	<u>Foundation Status</u>	<u>Purpose</u>	<u>Amount</u>
So. Fla. Council Boy Scouts of America 15255 NW 82 Ave Miami Lakes, FL 33016	N/A	Public	General	25,000
HANDY, Inc 501 NE 8th Street Ft Laud., FL 33304	N/A	Public	General	20,000
Stranahan House, Inc. 335 SE 6 Avenue Ft. Laud , FL 33301	N/A	Public	General	15,000
Kids in Distress, Inc 819 NE 26 St. Ft Laud , FL 33305	N/A	Public	General	15,000
SOS Children's Village of Fla., Inc 3681 NW 59 Place Coconut Creek, FL 33073	N/A	Public	General	15,000
Gateway Community Outreach, Inc 291 SE First Terrace Deerfield Beach, FL 33441	N/A	Public	General	5,000
Hope Pregnancy Centers, Inc. P.O Box 668205 Pompano Beach, FL 33066	N/A	Public	General	15,000
Leadership Broward Foundation, Inc 1640 West Oakland Park Blvd , #400 Ft Laud., FL 33311	N/A	Public	General	10,000
Women in Distress P O Box 676 Ft Laud., FL 33302	N/A	Public	General	10,000
Jack & Jill Children's Center 1315 W Broward Blvd Ft Laud., FL 33312	N/A	Public	General	20,000
Children's Home Society of Fla 401 NE 4th St. Ft Laud., FL 33301	N/A	Public	General	10,000
Bonnet House 900 N Birch Rd Ft. Laud , FL 33304	N/A	Public	General	10,000

Statement 14 - Form 990-PF, Part XV, Line 3a - Grants and Contributions Paid During the Year

<u>Recipient</u>	<u>Relationship of Individual</u>	<u>Foundation Status</u>	<u>Purpose</u>	<u>Amount</u>
Covenant House Fla., Inc. 733 Breakers Av Ft. Laud , FL 33304	N/A	Public	General	10,000
Henderson Mental Health Ctr 4740 N State Road 7 #201 Lauderdale Lakes , FL 33319	N/A	Public	General	10,000
Broward Partnership for the Homeless 920 NW 7 Ave Ft Laud., FL 33311	N/A	Public	General	5,000
Church of Brotherly Love King's Table Corp 81 N Deerfield Avenue, Ste 3 Deerfield Beach, FL 33441	N/A	Public	General	5,000
Children's Harbor, Inc 19425 SW 58 Manor Pembroke Pines, FL 33332	N/A	Public	General	5,000
Susan B Anthony Recovery Center, Inc 1633 Poinciana Drive Pembroke Pines, FL 33025	N/A	Public	General	5,000
YMCA of Broward County, Inc 1830 West Broward Boulevard Fort Lauderdale, FL 33312	N/A	Public	General	15,000
Total Line 3a				900,000

The William R. Watts Foundation, Inc.

Realized Gain (Loss) - Securities

Form 990-PF, Part IV-Capital Gains and Losses for Tax on Investment Income

FYE 10/31/09

Security	Symbol	Qty	Date Acquired	Date Sold	Proceeds	Cost	Gain (Loss)
Mutual Funds - Sales:							
SSGA Emerging Markets	SSEMIX	1,757 0000	2/8/05	4/1/09	20,556 90	27,218 00	(6,661 10)
Vanguard Developed Mkts Index Fund	VDMIX	5,350 0000	2/9/05	5/15/09	39,817 64	48,420 41	(8,602 77)
Vanguard REIT Index Fund	VGRSX	4,647 8640	various	6/4/09	60,790 40	72,280 53	(11,490 13)
Dodge & Cox Int'l Stock Fund	DODFX	23,220 0000	10/21/05	6/4/09	605,759 85	753,579 96	(147,820 11)
SSGA Emerging Markets	SSEMIX	32,788 0000	various	6/4/09	502,262 21	533,752 72	(31,490 51)
Vanguard Growth Index Fund	VIGSX	7,181 0000	11/22/06	6/4/09	151,038 29	199,842 36	(48,804 07)
Vanguard REIT Index Fund	VGRSX	59,039 0110	various	6/4/09	772,183 98	1,349,652 61	(577,468 63)
Vanguard REIT Index Fund						11,551 45	(11,551 45)
Vanguard 500 Index	VIFSX	2,810 0000	3/14/08	6/4/09	202,326 25	276,483 58	(74,157 33)
SSGA Emerging Markets	SSEMIX	16,017 0000	various	8/14/09	268,074 63	474,988 76	(206,914 13)
Vanguard Developed Mkts Index Fund	VDMIX	67,195 0000	2/9/05	8/14/09	595,969 70	608,151 24	(12,181 54)
Vanguard 500 Index	VIFSX	3,881 0000	3/14/08	8/14/09	297,467 51	381,862 20	(84,394 69)
Vanguard Inflation Protected	VAIPX	2,030 0000	9/13/05	10/7/09	50,233 15	50,287 08	(53 93)
Total - Mutual Funds Sales - FYE 10/31/09					3,566,480 51	4,788,070 90	(1,221,590 39)