Form **990-PF**

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0052

2009

For calendar year 2009, or tax year beginning , and ending

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

Use the IRS label. Otherwise, print or type. See Specific Instructions.

Name of foundation: KATES FOUNDATION, INC.

Number and street (or P O box number if mail is not delivered to street address): P.O. BOX 4153 — Room/suite

City or town, state, and ZIP code: SARASOTA, FL 34230-4153

A Employer identification number: 65-0401513

B Telephone number: (941)388-9194

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

H Check type of organization: [X] Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶$ 1,635,996.

J Accounting method: [X] 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))

		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received			N/A	
	2 Check ▶ [X] if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	19.	19.		STATEMENT 1
	4 Dividends and interest from securities	48,375.	48,375.		STATEMENT 2
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-25,036.			
	b Gross sales price for all assets on line 6a 176,651.				
	7 Capital gain net income (from Part IV, line 2)		0.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit or (loss)				
	11 Other income	-2,357.	-2,357.		STATEMENT 3
	12 **Total.** Add lines 1 through 11	21,001.	46,037.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	30,000.	0.		30,000.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits	19,794.	0.		19,794.
	16a Legal fees				
	b Accounting fees STMT 4	2,375.	0.		2,375.
	c Other professional fees				
	17 Interest				
	18 Taxes STMT 5	1,467.	377.		0.
	19 Depreciation and depletion	594.	0.		
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 6	1,004.	38.		966.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	55,234.	415.		53,135.
	25 Contributions, gifts, grants paid	31,050.			31,050.
	26 **Total expenses and disbursements.** Add lines 24 and 25	86,284.	415.		84,185.
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-65,283.			
	b **Net investment income** (if negative, enter -0-)		45,622.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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16150420 759428 4346A 2009.03040 KATES FOUNDATION, INC. 4346A__1

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Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only

		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1 Cash - non-interest-bearing			
	2 Savings and temporary cash investments	109,812.	165,876.	165,876.
	3 Accounts receivable ▶			
	Less: allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less. allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons			
	7 Other notes and loans receivable ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments - U S and state government obligations			
	b Investments - corporate stock STMT 7	1,592,697.	1,531,360.	1,161,897.
	c Investments - corporate bonds STMT 8	242,400.	242,399.	168,818.
	11 Investments - land, buildings, and equipment basis ▶			
	Less. accumulated depreciation ▶			
	12 Investments - mortgage loans			
	13 Investments - other STMT 9	433,739.	374,324.	137,620.
	14 Land, buildings, and equipment basis ▶ 3,105.			
	Less accumulated depreciation STMT 10 ▶ 1,320.	2,379.	1,785.	1,785.
	15 Other assets (describe ▶)			
	16 **Total assets** (to be completed by all filers)	2,381,027.	2,315,744.	1,635,996.
Liabilities	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, and other disqualified persons			
	21 Mortgages and other notes payable			
	22 Other liabilities (describe ▶)			
	23 **Total liabilities** (add lines 17 through 22)	0.	0.	
Net Assets or Fund Balances	**Foundations that follow SFAS 117, check here** ▶ ☐ **and complete lines 24 through 26 and lines 30 and 31.**			
	24 Unrestricted			
	25 Temporarily restricted			
	26 Permanently restricted			
	Foundations that do not follow SFAS 117, check here ▶ [X] **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	2,381,027.	2,315,744.	
	30 **Total net assets or fund balances**	2,381,027.	2,315,744.	
	31 **Total liabilities and net assets/fund balances**	2,381,027.	2,315,744.	

Part III **Analysis of Changes in Net Assets or Fund Balances**

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,381,027.
2	Enter amount from Part I, line 27a	2	-65,283.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	2,315,744.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	2,315,744.

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	1000 SH GENERAL CABLE	P	03/13/09	10/22/09
b	6000 SH UTS FIRST TR SPL SITUATIONS	P	04/23/07	03/26/09
c	1000 SH GENERAL CABLE	P	02/28/08	10/22/09
d	2200 SH WHOLE FOODS	P	06/25/08	10/22/09
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	38,594.		17,734.	20,860.
b	27,423.		59,767.	-32,344.
c	38,594.		65,971.	-27,377.
d	72,040.		58,215.	13,825.
e				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
a				20,860.
b				-32,344.
c				-27,377.
d				13,825.
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	-25,036.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) If (loss), enter -0- in Part I, line 8		3	N/A

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☒ No

If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see 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))
2008	133,863.	1,753,749.	.076330
2007	124,175.	2,286,110.	.054317
2006	112,663.	2,233,865.	.050434
2005	119,033.	2,272,661.	.052376
2004	112,194.	2,369,752.	.047344

2 Total of line 1, column (d)	2	.280801
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	.056160
4 Enter the net value of noncharitable-use assets for 2009 from Part X, line 5	4	2,887,795.
5 Multiply line 4 by line 3	5	162,179.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	456.
7 Add lines 5 and 6	7	162,635.
8 Enter qualifying distributions from Part XII, line 4	8	84,185.

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	912.
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	912.
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	912.
6	Credits/Payments			
a	2009 estimated tax payments and 2008 overpayment credited to 2009	6a 730.		
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	730.
8	Enter any **penalty** for underpayment of estimated tax Check here ☒ if Form 2220 is attached		8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶		9	182.
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶		10	
11	Enter the amount of line 10 to be **Credited to 2010 estimated tax** ▶	Refunded ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
	If the answer is "Yes" to **1a** *or* **1b**, *attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation ▶ $ 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		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ 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 2009 or the taxable year beginning in 2009 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		X

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Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		X
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract before August 17, 2008?	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ▶ N/A

14 The books are in care of ▶ LISA KATES Telephone no ▶ (941) 366-1819

Located at ▶ P.O. BOX 4153, SARASOTA, FL ZIP+4 ▶ 34230

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 N/A

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.

				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?	☐ 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 page 20 of the instructions)?		1b		X
	Organizations relying on a current notice regarding disaster assistance check here	▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2009?		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 2009, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2009?	☐ Yes ☒ No			
	If "Yes," list the years ▶ ____, ____, ____, ____				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions)	N/A	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. ▶ ____, ____, ____, ____				
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 2009 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 2009.)*	N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2009?		4b		X

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☒ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☒ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☒ No

(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? ☐ Yes ☒ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☒ No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)? N/A **5b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? N/A ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** No: X

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

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? N/A **7b**

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

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
MENA LISA KATES P.O. BOX 4153 SARASOTA, FL 34230	PRESIDENT/TREASURER 10.00	30,000.	0.	17,499.
ALAN J. KATES P.O. BOX 4153 SARASOTA, FL 34230	VICE-PRESIDENT 2.00	0.	0.	0.
PATTI WERTHEMIER P.O. BOX 4153 SARASOTA, FL 34230	SECRETARY 2.00	0.	0.	0.

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

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

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

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over $50,000 for professional services ▶		0

Part IX-A **Summary of Direct Charitable Activities**

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

Part IX-B **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments See instructions 3	
Total. Add lines 1 through 3 ▶	0.

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	2,849,280.
b	Average of monthly cash balances	1b	82,492.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	2,931,772.
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	2,931,772.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	43,977.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	2,887,795.
6	**Minimum investment return.** Enter 5% of line 5	6	144,390.

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	144,390.
2a	Tax on investment income for 2009 from Part VI, line 5 — 2a: 912.		
b	Income tax for 2009. (This does not include the tax from Part VI) — 2b:		
c	Add lines 2a and 2b	2c	912.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	143,478.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	143,478.
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	143,478.

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	84,185.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	
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	84,185.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	84,185.

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 2008	(c) 2008	(d) 2009
1 Distributable amount for 2009 from Part XI, line 7				143,478.
2 Undistributed income, if any, as of the end of 2009				
a Enter amount for 2008 only			31,047.	
b Total for prior years ___ , ___ , ___		0.		
3 Excess distributions carryover, if any, to 2009				
a From 2004				
b From 2005				
c From 2006				
d From 2007				
e From 2008				
f Total of lines 3a through e	0.			
4 Qualifying distributions for 2009 from Part XII, line 4. ▶ $ 84,185.				
a Applied to 2008, but not more than line 2a			31,047.	
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 2009 distributable amount				53,138.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2009 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	0.			
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount - see instructions		0.		
e Undistributed income for 2008 Subtract line 4a from line 2a. Taxable amount - see instr			0.	
f Undistributed income for 2009 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2010				90,340.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2004 not applied on line 5 or line 7	0.			
9 Excess distributions carryover to 2010. Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9.				
a Excess from 2005				
b Excess from 2006				
c Excess from 2007				
d Excess from 2008				
e Excess from 2009				

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

1 a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2009, enter the date of the ruling ▶

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

	Tax year	Prior 3 years			
	(a) 2009	(b) 2008	(c) 2007	(d) 2006	(e) Total
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

NONE

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

NONE

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

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

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

SEE STATEMENT 11

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 Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
SEE STATEMENT 12				
Total			▶ 3a	31,050.
b *Approved for future payment*				
NONE				
Total			▶ 3b	0.

923611 02-02-10

Part XVI-A **Analysis of Income-Producing Activities**

Enter gross amounts unless otherwise indicated	Unrelated business income (a) Business code	(b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	(d) Amount	(e) Related or exempt function income
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	19.	
4 Dividends and interest from securities			14	48,375.	
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	-2,357.	
8 Gain or (loss) from sales of assets other than inventory			18	-25,036.	
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.		21,001.	0.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 21,001.

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

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

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

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

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

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

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

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

b If "Yes," complete the following schedule

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

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 or fiduciary) is based on all information of which preparer has any knowledge

Sign Here

Signature of officer or trustee: [signature] Date: 4/29/10 Title: Pres - Treas

Paid Preparer's Use Only

Preparer's signature	CHARLES R. BAUMANN	Date 4.28.10	Check if self-employed ☐ Preparer's identifying number
Firm's name (or yours if self-employed), address, and ZIP code	KERKERING, BARBERIO & CO. P.O. BOX 49348 SARASOTA, FL 34230-6348		EIN Phone no (941)365-4617

2009 DEPRECIATION AND AMORTIZATION REPORT

FORM 990-PF PAGE 1 990-PF

Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
1	PRINTER	07/27/05	SL	5.00	HY	16	174.				174.	120.		35.	155.
2	ANSWERING MACHINE	07/29/05	SL	7.00	HY	16	182.				182.	89.		26.	115.
3	FAX MACHINE	08/08/05	SL	7.00	HY	16	305.				305.	150.		44.	194.
4	COMPUTER	04/08/08	SL	5.00	HY	16	2,444.				2,444.	367.		489.	856.
	* TOTAL 990-PF PG 1 DEPR						3,105.				3,105.	726.		594.	1,320.

(D) - Asset disposed

* ITC, Salvage, Bonus, Commercial Revitalization Deduction, GO Zone

FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
BANK OF AMERICA	1.
ENERGY TRANSFER PARTNERS LP	18.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	19.

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CITIGROUP-SMITH BARNEY	48,325.	0.	48,325.
ENERGY TRANSFER PARTNERS LP	50.	0.	50.
TOTAL TO FM 990-PF, PART I, LN 4	48,375.	0.	48,375.

FORM 990-PF OTHER INCOME STATEMENT 3

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
ENERGY TRANSFER PARTNERS LP	-3,611.	-3,611.	
MISCELLANEOUS	1,254.	1,254.	
TOTAL TO FORM 990-PF, PART I, LINE 11	-2,357.	-2,357.	

FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	2,375.	0.		2,375.
TO FORM 990-PF, PG 1, LN 16B	2,375.	0.		2,375.

FORM 990-PF — TAXES — STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX	377.	377.		0.
EXCISE TAX	1,090.	0.		0.
TO FORM 990-PF, PG 1, LN 18	1,467.	377.		0.

FORM 990-PF — OTHER EXPENSES — STATEMENT 6

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TELEPHONE	667.	0.		667.
POSTAGE	110.	0.		110.
OFFICE	128.	0.		128.
ANNUAL REPORT	61.	0.		61.
ADMINISTRATIVE FEES	38.	38.		0.
TO FORM 990-PF, PG 1, LN 23	1,004.	38.		966.

FORM 990-PF — CORPORATE STOCK — STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
COMMON STOCK (SEE ATTACHED)	1,288,720.	1,005,337.
PREFERRED STOCK (SEE ATTACHED)	242,640.	156,560.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,531,360.	1,161,897.

FORM 990-PF CORPORATE BONDS STATEMENT 8

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS (SEE ATTACHED)	242,399.	168,818.
TOTAL TO FORM 990-PF, PART II, LINE 10C	242,399.	168,818.

FORM 990-PF OTHER INVESTMENTS STATEMENT 9

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS (SEE ATTACHED)	COST	374,324.	137,620.
TOTAL TO FORM 990-PF, PART II, LINE 13		374,324.	137,620.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 10

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
PRINTER	174.	155.	19.
ANSWERING MACHINE	182.	115.	67.
FAX MACHINE	305.	194.	111.
COMPUTER	2,444.	856.	1,588.
TOTAL TO FM 990-PF, PART II, LN 14	3,105.	1,320.	1,785.

FORM 990-PF GRANT APPLICATION SUBMISSION INFORMATION STATEMENT 11
PART XV, LINES 2A THROUGH 2D

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

LISA KATES
P.O. BOX 4153
SARASOTA, FL 34230

TELEPHONE NUMBER

(941) 388-9194

FORM AND CONTENT OF APPLICATIONS

WRITTEN APPLICATION WITH CURRENT 501(C)(3) LETTER, FINANCIAL STATMENTS AND BUDGET FOR PROJECT FOR WHICH MONIES ARE BEING REQUESTED

ANY SUBMISSION DEADLINES

FUNDS DISBURSED SEMI-ANNUALLY, DEADLINES ARE APRIL 1 AND OCTOBER 1.

RESTRICTIONS AND LIMITATIONS ON AWARDS

PRIMARY FOCUS IS THE STATE OF FLORIDA BUT OTHER AREAS MAY BE CONSIDERED. THERE ARE NO OTHER RESTRICTIONS.

FORM 990-PF GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR STATEMENT 12

RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
CHILDREN FIRST 1723 N. ORANGE AVE SARASOTA, FL 34234	NONE PARENT EDUCATION	509(A)(1)	4,200.
EASTER SEALS OF SOUTHWEST FLORIDA 350 BRADEN AVENUE SARASOTA, FL 34243	NONE RESPITE CARE	509(A)(1)	5,000.
PLANNED PARENTHOOD OF SOUTHWEST & CENTRAL FL, INC 1958 PROSPECT ST. SARASOTA, FL 34239	NONE CAPITAL CAMPAIGN	509(A)(1)	1,000.
SARASOTA-MANATEE JEWISH FEDERATION 582 MCINTOSH RD SARASOTA, FL 34232	NONE	509(A)(2)	6,000.
LOVELAND CENTER 157 S HAVANA RD VENICE, FL 34292	NONE	509(A)(2)	3,500.
YMCA SARASOTA FAMILY ONE SOUTH SCHOOL AVE SARASOTA, FL 34237	NONE HOME INSTRUCTION PROGRAM FOR PRESCHOOL YOUNGSTERS	509(A)(1)	2,500.
UNITED CEREBRAL PALSY 1090 S TAMIAMI TR SARASOTA, FL 34236	NONE	509(A)(1)	1,000.
BIG BROTHERS BIG SISTERS 2831 RINGLING BLVD SARASOTA, FL 34237	NONE	509(A)(1)	1,000.

UNITED WAY 1445 2ND ST SARASOTA, FL 34236	NONE DAY CARE SCHOLARSHIPS	509(A)(1)	1,850.
CHILDREN HAVEN ADULT CENTER 4405 DESOTO RD SARASOTA, FL 34235	NONE CAMP OCALA	509(A)(1)	5,000.
TOTAL TO FORM 990-PF, PART XV, LINE 3A			31,050.

Form **4562** Department of the Treasury Internal Revenue Service (99)

Depreciation and Amortization 990-PF
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172 **2009** Attachment Sequence No 67

Name(s) shown on return	Business or activity to which this form relates	Identifying number
KATES FOUNDATION, INC.	FORM 990-PF PAGE 1	65-0401513

Part I Election To Expense Certain Property Under Section 179 Note: *If you have any listed property, complete Part V before you complete Part I*

1	Maximum amount. See the instructions for a higher limit for certain businesses	1	250,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	800,000.
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property. Instead, use Part V.*

Part II Special Depreciation Allowance and Other Depreciation (**Do not** include listed property.)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	594.

Part III MACRS Depreciation (**Do not** include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2009	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs.		S/L	
h Residential rental property	/		27.5 yrs.	MM	S/L	
	/		27.5 yrs.	MM	S/L	
i Nonresidential real property	/		39 yrs.	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

(a) Classification of property	(b)	(c)	(d)	(e)	(f)	(g)
20a Class life					S/L	
b 12-year			12 yrs.		S/L	
c 40-year	/		40 yrs.	MM	S/L	

Part IV **Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	594.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V **Listed Property** (Include automobiles, certain other vehicles, cellular telephones, certain computers, and property used for entertainment, recreation, or amusement.)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* **only** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles*)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use						25		
26 Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26. Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year. Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons.

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2009 tax year:					
43 Amortization of costs that began before your 2009 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

Ref: 00003432 00028649

MorganStanley SmithBarney

Reserved Client Financial Management Account
December 1 - December 31, 2009

KATES FOUNDATION INC.

65-0401513

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
2,000	GENERAL ELECTRIC CO	GE	09/25/08	$ 48,936.18	$ 24.098	$ 15.13	$ 30,260.00	($ 18,676.18) LT		
2,000	**Rating** Citigroup : 2M		03/13/09	20,346.06	9 928	15 13	30,260 00	9,913.94 ST		
4,000	Morgan Stanley : 1 S&P . 1			**69,282 24**	**17 321**		**60,520.00**	**(8,762.24)**	**2.643**	**1,600 00**
2,000	GENWORTH FINL INC	GNW	05/24/04	39,000 00	19.50	11.35	22,700.00	(16,300.00)*LT		
500	CLASS A		05/24/04	9,750.00	19.50	11.35	5,675.00	(4,075 00)*LT		
2,500	**Rating.** Citigroup · 3H Morgan Stanley : 2 S&P : 2			**48,750 00**	**19.50**		**28,375 00**	**(20,375 00)**		
4,000	HOME DEPOT INC **Rating.** Citigroup : 1M Morgan Stanley : 2 S&P : 2	HD	11/19/02	**100,698 60**	25.17	28 93	**115,720.00**	**15,021 40* LT**	**3.11**	**3,600 00**
4,000	MICROSOFT CORP **Rating** Morgan Stanley · 1 S&P : 2	MSFT	11/18/05	**113,066 03**	28 00	30.48	**121,920.00**	**8,353 97 LT**	**1 706**	**2,080.00**
2,000	NOKIA CORP SPONSORED ADR **Rating:** Citigroup 1H S&P : 2	NOK	01/18/01	**83,778.42**	41 89	12.85	**25,700 00**	**(58,078.42)*LT**	**3 058**	**786.00**
1,000	PETROBRAS **Rating** Citigroup : 2H Morgan Stanley : 1 S&P . 2	PBR	09/25/08	**47,805 79**	47 15	47.68	**47,680.00**	**(125.79) LT**	**.746**	**356 00**
1,500	ST JOE COMPANY	JOE	05/08/06	**80,144 58**	52.86	28.89	**43,335 00**	**(36,809.58) LT**		
1,000	WAL-MART STORES INC **Rating:** Citigroup 2M Morgan Stanley : 1 S&P : 1	WMT	02/25/00	**45,096 55**	45.10	53 45	**53,450 00**	**8,353 45* LT**	**2.039**	**1,090.00**
2,000	WASTE MGMT INC DEL **Rating:** Morgan Stanley . 2 S&P : 1	WM	03/13/09	**49,659 86**	24.476	33.81	**67,620.00**	**17,960.14 ST**	**3 43**	**2,320 00**
Total common stocks and options				**$ 1,275,341.92**			**$ 1,005,337.16**	**$ 27,874.08** ST** **($ 298,878.84)**LT**	**2.25**	**$ 22,627.00**

Basis Adj 13,377.89

1288,719.81

KATES FOUNDATION INC.

65-040513

Exchange traded & closed end funds

Citi Investment Research & Analysis (CIRA) ratings may be shown for certain closed-end funds All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance Because the research report contains more complete information regarding the analyst's opinions, analysis, and rating, you should read the entire research report and not infer its contents from the rating. CIRA closed-end fund recommendations include an investment rating and a risk rating. The Investment Rating code (1,2, 3) is based upon CIRA's expectation of the security's performance relative to its peer group of closed-end funds. The Risk Rating (L, M, H or S) represents the fund's expected risk, taking into account the quality and liquidity of the underlying securities, financial leverage and foreign currency exposure Please refer to the end of this statement for a guide describing CIRA ratings

Closed end investment companies are grouped below by portfolio designations. Gain/Loss is provided to assist in tax preparation It is not intended to calculate investment returns or performance

Consulting Group Research (CGR) conducts on-going research on a wide variety of exchange-traded funds for certain investment advisory programs. Your individual exchange-traded fund holdings in your brokerage account may or may not be covered by CGR. Please contact your Financial Advisor for further information regarding whether your exchange-traded fund holdings are covered by CGR.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
3,000	ALPINE GLOBAL PREMIER PPTYS FD SHS OF BEN INT Equity portfolio	AWP	04/25/07 60,000	$ ~~59,028 00~~	$ 20.00	$ 6.232	$ 18,696 00	($ 40,332.00) LT		
43.6695	Reinvestments to date		762.83	~~748.63~~	17.143	6 232	272 15	(476 48) LT		
3,043 6695			60,762.83	~~59,776 63~~	19 64		18,968.15	(40,308 48)	5.776	1,095 72
Total closed end fund equity allocation							**$ 18,968 15**			
Total exchange traded funds and closed end funds			60,762.83	~~$ 59,776.63~~			**$ 18,968.15**	**$ 0.00 ST**	**5.77**	
								($ 40,308.48) LT		**$ 1,095.72**

Preferred stocks

Citi Investment Research & Analysis (CIRA) ratings may be shown for certain securities. In addition, Standard & Poor's research ratings may be shown for certain securities CIRA is not the author of, does not take responsibility for, and does not guarantee the accuracy, completeness, or timeliness of research prepared by Standard & Poor's. All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance. CIRA stock recommendations include an investment rating and risk rating The Investment Rating Code (1, 2 or 3) is a function of CIRA's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and a Risk Rating. The Risk Rating (L, M, H or S) represents the stock's expected risk, taking into account price volatility and fundamental criteria. Please refer to the end of this statement for a guide describing CIRA ratings.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
2,000	FREDDIE MAC 8 375% FIXED TO FLOATING NON CUM PFD Rated C Next call on 12/31/12	FREPRZ	02/28/08	**$ 53,310 00**	$ 26 655	$ 1 07	**$ 2,140 00**	**($ 51,170 00)** LT		
3,000	GENERAL ELEC CAP CORP 6 45%	GER	06/27/06	74,775.00	24 925	25.08	75,240 00	465.00 LT		
1,000	Rated AA+		06/27/06	24,925 00	24 925	25.08	25,080.00	155.00 LT		
4,000	Next call on 06/15/11			**99,700 00**	**24 925**		**100,320 00**	**620 00**	**6 429**	**6,450 00**

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Preferred stocks *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
1,600	GENERAL MOTORS 5 25% SER B CONV SENIOR DEB	MTLQ G	02/28/02	$ 40,000 00	$ 25.00	$ 5 70	$ 9,120 00	($ 30,880 00)*LT	23.035%	$ 2,100 80
2,000	WELLS FARGO CAPITAL XI 6.25% Rated A- Next call on 06/15/12	FWF	02/28/08	49,630 00	24.815	22 49	44,980.00	(4,650 00) LT	6.947	3,125.00
Total preferred stocks				**$ 242,640.00**			**$ 156,560.00**	**$ 0.00 ST**	**7.45**	
								($ 86,080.00) LT		**$ 11,675.80**

Mutual funds

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1.00 per share In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Certain mutual funds may not be transferable to other broker-dealers. For further information, please refer to the fund's Prospectus or call your Financial Advisor. Consulting Group Research (CGR) conducts on-going research on a wide variety of mutual funds for certain investment advisory programs. Your individual mutual fund holdings in your brokerage account may or may not be covered by CGR. Please contact your Financial Advisor for further information regarding whether your mutual fund holdings are covered by CGR.

Yield is the current distribution annualized, divided by the fund's net asset value at the end of the statement period. Distributions may consist of income, capital gains or the return of capital. Distributions and current dividend for funds are based upon information provided by an outside vendor and are not verified by us. ***"Tax-Based Cost vs. Current Value"*** *is being provided for information purposes only.* ***"Cash Distributions (since inception)"*** *when shown, may reflect distributions on positions no longer held in the account, and may not reflect all distributions received in cash due to but not limited to the following: investments made prior to 1/1/89, asset transfers, recent activity and certain adjustments made in your account.* ***"Total Purchases vs. Current Value"*** *is provided to assist you in comparing your* ***"Total purchases"*** *excluding reinvested distributions, with the current value of the fund's shares in your account.* ***"Fund Value Increase/Decrease"*** *reflects the difference between your total purchases and the current value of the fund's shares, plus cash distributions since inception.*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
1,673 458	LEGG MASON VALUE TRUST FD CL C	LMVTX	02/24/06	$ 115,000 00	$ 68.72	$ 36.44	$ 60,980.81	($ 54,019.19) LT			
1,673 458	**Total Purchases**			**115,000 00**	**68 72**	**36 44**	**60,980 81**	**(54,019 19)**			
287 379	Reinvestments to date			16,022.53	55 754	36 44	10,472.09	(5,550.44) LT			
9.882	Reinvestments to date			352.29	35 649	36.44	360.10	7 81 ST			
1,970 719	**Tax-based Cost vs. Current Value**			131374.86 ~~131,374 82~~	**66 663**		**71,813.00**	**(59,561.82)**		**.493**	**354.72**
	Total Purchases vs Current Value			**115,000.00**			**71,813.00**		**(43,187.00)**		
	Fund Value Increase/Decrease								**(43,187.00)**		
1,807 2878	MORGAN STANLEY TECHNOLOGY FUND CLASS A	IFOAX	04/04/00	72,080 00	39 882	10 10	18,253 61	(53,826 39)*LT			
2,539 1349			10/27/00	100,000.00	39.383	10.10	25,645 26	(74,354 74)*LT			

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Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
	MORGAN STANLEY TECHNOLOGY FUND CLASS A	IFOAX									
4,346 4227	**Total Purchases**			$ 172,080 00	$ 39 59	$ 10 10	$ 43,898 87	($ 128,181 13)			
291.1033	Reinvestments to date			10,106 51 r	34.717	10.10	2,940.14	(7,166.37) LT			
4,637.526	**Tax-based Cost vs. Current Value**			182,186 51	39 285		46,839 01	(135,347 50)			
	Total Purchases vs Current Value			172,080 00			46,839 01		(125,240 99)		
	Fund Value Increase/Decrease								(125,240.99)		
Total mutual funds (Tax based)				$ 313,561.33			$ 118,652.01	$ 7.81 ST		.49	
			adj basis	7.44				($ 194,917.13) LT			$ 354.72
Total Fund Value Increase/Decrease				313,561.37					($ 168,427.99)		

Bonds

Unrealized gains & losses have been adjusted to account for the accretion of OID (original issue discount), the amortization of premium, and/or the accretion of market discount.

Call features shown indicate the next regularly scheduled call date and price. Your holdings may be subject to other redemption features including sinking funds or extraordinary calls.

The research rating for Moody's Investors Service and Standard & Poor's may be shown for certain fixed income securities All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance. Your Financial Advisor will be pleased to provide you with further information or assistance in interpreting research ratings.

Corporate bonds

Amount	Description	Date acquired/ CUSIP #	Cost/ Adjusted cost	Share cost/ Adjusted share cost	Current share price/Accrued Interest	Current value	Unrealized Gain/(loss) Original/ Adjusted	Current % Yield/ Anticip Income (annualized)	Ordinary Income/ Capital gain/(loss)
40,000	GTE CORP DEBS-BK/ENTRY DTD 4/27/1998 INT: 06.840% MATY. 04/15/2018 Rating: BAA1/A	10/09/02 362320AZ6	$ ~~40,252 00~~ $ 40,142 40 40,275.74	$ 100 56 $ 100 356	109.546 $ 577 60	$ 43,818 40	$ 3,566 40* LT $ 3,676.00* LT	6 243 $ 2,736 00	$ 0.00 $ 3,676 00
100,000	BANKAMERICA CAPITAL II INCM PFD SECS-BK/ENTRY- INT 08 000% MATY. 12/15/2026 Rating BAA3/BB Next call on 12/15/10 @ 102 381	04/04/00 066048AA7	100,002.35 100,002 35	100 00 100 00	98.00 355.56	98,000 00	(2,002 35)* LT (2,002 35)* LT	8.163 8,000.00	0 00 (2,002.35)

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Corporate bonds continued

Amount	Description	Date acquired/ CUSIP #	Cost/ Adjusted cost	Share cost/ Adjusted share cost	Current share price/Accrued Interest	Current value	Unrealized Gain/(loss) Original/ Adjusted	Current % Yield/ Anticip Income (annualized)	Ordinary Income/ Capital gain/(loss)
100,000	GENERAL MOTORS CORP	01/14/05	~~$ 102,005.00~~	$ 102 00	27.00	$ 27,000 00	($ 75,005.00)* LT		$ 0.00
	DTD 7/3/2003	370442BT1	$ 101,883.00	$ 101.883			($ 74,883 00)* LT		($ 74,883.00)
	INT: 08 375% MATY: 07/15/2033		102,121.31						
	Rating. WR/D								
Total corporate bonds			$ 242,259.35		$ 933.16	$ 168,818.40	$ 0.00 ST	6.35	$ 0.00
240,000			$ 242,027.75				($ 73,209.35) LT	$ 10,736.00	($ 73,209.35)
Total portfolio value			$ 2,297,198.25			$ 1,632,186.34	$ 27,881.89** ST	2.85	$ 0.00
							($ 793,893.80)** LT	$ 46,603.93	($ 73,209.35)

adj basis / corp bond 140.05

TOT corp bond 242,399.40

TOT portfolio cost 2,148,083.