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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

OMB No 1545-0052

**2010**

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

For calendar year 2010, or tax year beginning

, 2010, and ending

, 20

G Check all that apply

☐ Initial return☐ Initial return of a former public charity☐ Final return☐ Amended return☐ Address change☐ Name change

Name of foundation

STANLEY W. WATSON FOUNDATION

C/O WILLIAM K. MACKEY

A Employer identification number

22-3100750

Number and street (or P O box number if mail is not delivered to street address)

220 MAIN STREET, SUITE 202

PO BOX 901

Room/suite

B Telephone number (see page 10 of the instructions)

(508) 548-1155

City or town, state, and ZIP code

FALMOUTH, MA 02541

H Check type of organization ☒ 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) ▶ \$ 33,749,459.

J Accounting method ☒ Cash ☐ Accrual☐ Other (specify) \_\_\_\_\_

(Part I, column (d) must be on cash basis)

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 . ▶ ☐**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 page 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)	0.			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
3 Interest on savings and temporary cash investments	218.	218.		ATCH 1
4 Dividends and interest from securities	720,849.	740,070.		ATCH 2
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	1,574,598.			
b Gross sales price for all assets on line 6a	1,686,412.			
7 Capital gain net income (from Part IV, line 2)		1,686,412.		
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) (attach schedule)				
11 Other income (attach schedule)	342,829.	94,473.		ATCH 3
12 Total. Add lines 1 through 11	2,638,494.	2,521,173.		
13 Compensation of officers, directors, trustees, etc.	0.			
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) ATCH 4	11,500.	5,750.	0.	0.
c Other professional fees (attach schedule) *	217,090.	232,061.		
17 Interest. ATTACHMENT 6		20,894.		
18 Taxes (attach schedule) (see page 14 of the instructions) **	48,369.	45,402.		250.
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses (attach schedule) ATCH 8	564.	554.		
24 Total operating and administrative expenses. Add lines 13 through 23	277,523.	304,661.	0.	250.
25 Contributions, gifts, grants paid	1,332,500.			1,332,500.
26 Total expenses and disbursements. Add lines 24 and 25	1,610,023.	304,661.	0.	1,332,750.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	1,028,471.			
b Net investment income (if negative, enter -0-)		2,216,512.		
c Adjusted net income (if negative, enter -0-)				

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

\* ATCH 5 JSA \*\* ATCH 7

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)		Beginning of year	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 . . . . .	1,725,432.	6,867,250.	6,867,250.	
	3	Accounts receivable ▶ . . . . .				
		Less allowance for doubtful accounts ▶ . . . . .				
	4	Pledges receivable ▶ . . . . .				
		Less allowance for doubtful accounts ▶ . . . . .				
	5	Grants receivable . . . . .				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see 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 . . . . .				
	10 a	Investments - U S and state government obligations (attach schedule) . . . . .	3,920,637.	2,024,917.	2,132,971.	
	b	Investments - corporate stock (attach schedule) <b>ATCH 10</b> . . . . .	21,812,853.	16,980,139.	20,051,946.	
	c	Investments - corporate bonds (attach schedule) . . . . .				
	Liabilities	11	Investments - land, buildings, and equipment basis . . . . .			
		Less accumulated depreciation (attach schedule) ▶ . . . . .				
12		Investments - mortgage loans . . . . .				
13		Investments - other (attach schedule) . . . . . <b>ATCH 11</b> . . . . .		2,688,630.	2,730,701.	
14		Land, buildings, and equipment basis . . . . .				
		Less accumulated depreciation (attach schedule) ▶ . . . . .				
15		Other assets (describe ▶ . . . . . <b>ATCH 12</b> ) . . . . .	865,000.	780,000.	1,966,591.	
16		<b>Total assets</b> (to be completed by all filers - see the instructions Also, see page 1, item I) . . . . .	28,323,922.	29,340,936.	33,749,459.	
17		Accounts payable and accrued expenses . . . . .	0.			
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	<b>Total liabilities</b> (add lines 17 through 22) . . . . .	0.	0.			
Net Assets or Fund Balances		<b>Foundations that follow SFAS 117, check here</b> ▶ <input checked="" type="checkbox"/> <b>and complete lines 24 through 26 and lines 30 and 31.</b>				
	24	Unrestricted . . . . .	28,323,922.	29,340,936.		
	25	Temporarily restricted . . . . .				
	26	Permanently restricted . . . . .				
		<b>Foundations that do not follow SFAS 117, check here and complete lines 27 through 31.</b> ▶ <input type="checkbox"/>				
	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	<b>Total net assets or fund balances</b> (see page 17 of the instructions) . . . . .	28,323,922.	29,340,936.		
	31	<b>Total liabilities and net assets/fund balances</b> (see page 17 of the instructions) . . . . .	28,323,922.	29,340,936.		

### 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	28,323,922.
2	Enter amount from Part I, line 27a . . . . .	2	1,028,471.
3	Other increases not included in line 2 (itemize) ▶ . . . . .	3	
4	Add lines 1, 2, and 3 . . . . .	4	29,352,393.
5	Decreases not included in line 2 (itemize) ▶ <b>ATTACHMENT 13</b> . . . . .	5	11,457.
6	<b>Total net assets or fund balances at end of year</b> (line 4 minus line 5) - Part II, column (b), line 30 . . . . .	6	29,340,936.

\*\* ATCH 9

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**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co.)			(b) How acquired P-Purchase D-Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
<b>1a</b> SEE PART IV SCHEDULE					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
(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)		
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
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))		
<b>a</b>					
<b>b</b>					
<b>c</b>					
<b>d</b>					
<b>e</b>					
<b>2</b> Capital gain net income or (net capital loss) <span style="float:right">{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }</span>			<b>2</b>	1,686,412.	
<b>3</b> 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.			<b>3</b>		

**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))
2009	1,310,250.	28,389,186.	0.046153
2008	1,816,505.	33,812,388.	0.053723
2007	1,913,205.	39,909,438.	0.047939
2006	1,700,250.	37,640,047.	0.045171
2005	1,600,250.	35,058,880.	0.045645
<b>2</b> Total of line 1, column (d)			<b>2</b> 0.238631
<b>3</b> 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			<b>3</b> 0.047726
<b>4</b> Enter the net value of noncharitable-use assets for 2010 from Part X, line 5			<b>4</b> 31,446,161.
<b>5</b> Multiply line 4 by line 3			<b>5</b> 1,500,799.
<b>6</b> Enter 1% of net investment income (1% of Part I, line 27b)			<b>6</b> 22,165.
<b>7</b> Add lines 5 and 6			<b>7</b> 1,522,964.
<b>8</b> Enter qualifying distributions from Part XII, line 4 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.			<b>8</b> 1,332,750.

**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 or determination letter _____ (attach copy of ruling letter if necessary - see instructions)		1	44,330.
b Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input 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	
3 Add lines 1 and 2 . . . . .		3	44,330.
4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)		4	0.
5 <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0- . . . . .		5	44,330.
6 Credits/Payments			
a 2010 estimated tax payments and 2009 overpayment credited to 2010 . . . . .	6a	33,500.	
b Exempt foreign organizations-tax withheld at source . . . . .	6b	0.	
c Tax paid with application for extension of time to file (Form 8868) . . . . .	6c	25,000.	
d Backup withholding erroneously withheld . . . . .	6d		
7 Total credits and payments. Add lines 6a through 6d . . . . .	7	58,500.	
8 Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached . . . . .	8		
9 <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> . . . . .	9		
10 <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> . . . . .	10	14,170.	
11 Enter the amount of line 10 to be <b>Credited to 2011 estimated tax</b> <input type="checkbox"/> 14,170. <b>Refunded</b> <input type="checkbox"/> . . . . .	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? . . . . .		X
b 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
c Did the foundation file <b>Form 1120-POL</b> 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 <input type="checkbox"/> \$ _____ (2) On foundation managers <input type="checkbox"/> \$ _____		
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input type="checkbox"/> \$ _____		
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? . . . . . If "Yes," attach a detailed description of the activities		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes . . . . .		X
4a Did the foundation have unrelated business gross income of \$1,000 or more during the year? . . . . .	X	
b If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .	X	
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? . . . . . If "Yes," attach the statement required by General Instruction T		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? . . . . .	X	
7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV . . . . .	X	
8a Enter the states to which the foundation reports or with which it is registered (see page 19 of the instructions) <input type="checkbox"/> MA, _____		
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation . . . . .	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2010 or the taxable year beginning in 2010 (see instructions for Part XIV on page 27)? If "Yes," complete Part XIV . . . . .		X
10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses . . . . .		X

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

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see page 20 of the 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 <input type="checkbox"/> N/A				
14	The books are in care of <input type="checkbox"/> WILLIAM K. MACKEY, TRUSTEE Telephone no <input type="checkbox"/> 508-548-1155			
Located at <input type="checkbox"/> 220 MAIN ST., BOX 901, FALMOUTH, MA ZIP + 4 <input type="checkbox"/> 02541				
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year <input type="checkbox"/> 15			
16	At any time during calendar year 2010, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? See page 20 of the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country <input type="checkbox"/>	16	Yes	No X

**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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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). <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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 22 of the instructions)? <input type="checkbox"/> 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 2010? <input type="checkbox"/>	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 2010, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2010? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," list the years <input type="checkbox"/>		
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 22 of the instructions) <input type="checkbox"/>	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 <input type="checkbox"/>		
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"/> Yes <input checked="" type="checkbox"/> No		
b If "Yes," did it have excess business holdings in 2010 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 2010) <input type="checkbox"/>	3b	
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? <input type="checkbox"/>	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 2010? <input type="checkbox"/>	4b	

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

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

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

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

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

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see page 22 of the instructions) ☐ Yes ☒ No

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

**b** If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see page 22 of the instructions)? ☐ **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? ☐ 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** 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? ☐ **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
ATTACHMENT 14		0.	0.	0.

**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 ☐

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**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
ATTACHMENT 15		154,883.

**Total** number of others receiving over \$50,000 for professional services . . . . . **NONE**

**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 24 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 NONE	
2	
All other program-related investments See page 24 of the instructions	
3 NONE	
<b>Total.</b> 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	25,332,944.
b	Average of monthly cash balances	1b	4,581,679.
c	Fair market value of all other assets (see page 25 of the instructions)	1c	2,010,414.
d	<b>Total</b> (add lines 1a, b, and c)	1d	31,925,037.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	31,925,037.
4	Cash deemed held for charitable activities. Enter 1 1/2 % of line 3 (for greater amount, see page 25 of the instructions)	4	478,876.
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	31,446,161.
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	1,572,308.

**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	1,572,308.
2a	Tax on investment income for 2010 from Part VI, line 5	2a	44,330.
b	Income tax for 2010 (This does not include the tax from Part VI)	2b	
c	Add lines 2a and 2b	2c	44,330.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	1,527,978.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	1,527,978.
6	Deduction from distributable amount (see page 25 of the instructions)	6	
7	<b>Distributable amount as adjusted.</b> Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	1,527,978.

**Part XII Qualifying Distributions** (see page 25 of the 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	1,332,750.
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	0.
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	0.
b	Cash distribution test (attach the required schedule)	3b	0.
4	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	1,332,750.
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)	5	N/A
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4	6	1,332,750.

**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 2009	(c) 2009	(d) 2010
1 Distributable amount for 2010 from Part XI, line 7 . . . . .				1,527,978.
2 Undistributed income, if any, as of the end of 2010				
a Enter amount for 2009 only . . . . .			717,141.	
b Total for prior years 20 08, 20 07, 20 06 . . . . .				
3 Excess distributions carryover, if any, to 2010				
a From 2005 . . . . . 0.				
b From 2006 . . . . . 0.				
c From 2007 . . . . . 0.				
d From 2008 . . . . . 0.				
e From 2009 . . . . . 0.				
f Total of lines 3a through e . . . . .	0.			
4 Qualifying distributions for 2010 from Part XII, line 4 ▶ \$ 1,332,750.				
a Applied to 2009, but not more than line 2a . . . . .			717,141.	
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 2010 distributable amount . . . . .				615,609.
e Remaining amount distributed out of corpus . . . . .	0.			
5 Excess distributions carryover applied to 2010 . . . . . (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 . . . . .				
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 2009 Subtract line 4a from line 2a Taxable amount - see page 27 of the instructions . . . . .				
f Undistributed income for 2010 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2011 . . . . .				912,369.
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 2005 not applied on line 5 or line 7 (see page 27 of the instructions) . . . . .				
9 Excess distributions carryover to 2011. Subtract lines 7 and 8 from line 6a . . . . .	0.			
10 Analysis of line 9				
a Excess from 2006 . . . . .				
b Excess from 2007 . . . . . 0.				
c Excess from 2008 . . . . . 0.				
d Excess from 2009 . . . . . 0.				
e Excess from 2010 . . . . . 0.				

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<b>Part XIV</b>	<b>Private Operating Foundations</b> (see page 27 of the instructions and Part VII-A, question 9)	NOT APPLICABLE
-----------------	---	----------------

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2010, 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)
---------------	--	------------

**2a** Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

Tax year

Prior 3 years

**(e) Total**

**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 invest-  
ment 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 28 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

**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**

<div>Recipient</div> <div>Name and address (home or business)</div>	<div>If recipient is an individual, show any relationship to any foundation manager or substantial contributor</div>	<div>Foundation status of recipient</div>	<div>Purpose of grant or contribution</div>	<div>Amount</div>
<div>a Paid during the year</div> <div>ATTACHMENT 16</div>				
<div>Total</div>			<div>3a</div>	<div>1,332,500.</div>
<div>b Approved for future payment</div>				
<div>Total</div>			<div>3b</div>	

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

Enter gross amounts unless otherwise indicated

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See page 28 of the instructions )
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue					
a	_____					
b	_____					
c	_____					
d	_____					
e	_____					
f	_____					
g	Fees and contracts from government agencies					
2	Membership dues and assessments . . . . .					
3	Interest on savings and temporary cash investments			14	218.	
4	Dividends and interest from securities . . . . .	900000		14	720,849.	
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 . . . . .	900000	316.	01	342,513.	
8	Gain or (loss) from sales of assets other than inventory	900000	9,841.	18	1,564,757.	
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) . . . . .		10,157.		2,628,337.	
13	Total. Add line 12, columns (b), (d), and (e) . . . . .					2,638,494.

(See worksheet in line 13 instructions on page 29 to verify calculations )

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

[illegible]

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

		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?	
		Yes	No
<b>a</b>	Transfers from the reporting foundation to a noncharitable exempt organization of		
	(1) Cash . . . . .	<b>1a(1)</b>	X
	(2) Other assets . . . . .	<b>1a(2)</b>	X
<b>b</b>	Other transactions		
	(1) Sales of assets to a noncharitable exempt organization . . . . .	<b>1b(1)</b>	X
	(2) Purchases of assets from a noncharitable exempt organization . . . . .	<b>1b(2)</b>	X
	(3) Rental of facilities, equipment, or other assets . . . . .	<b>1b(3)</b>	X
	(4) Reimbursement arrangements . . . . .	<b>1b(4)</b>	X
	(5) Loans or loan guarantees . . . . .	<b>1b(5)</b>	X
	(6) Performance of services or membership or fundraising solicitations . . . . .	<b>1b(6)</b>	X
<b>c</b>	Sharing of facilities, equipment, mailing lists, other assets, or paid employees . . . . .	<b>1c</b>	X
<b>d</b>	If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.		

[illegible]

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

**Signature of preparer (other than taxpayer or fiduciary):** \_\_\_\_\_  
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**

With V. Mackey Frederick W. Valois 11/15/11  
Signature of officer or trustee Date

Trustees  
Title

**Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Date

PTIN
------

Donald F. Ardenson

Donald F. Hoff

Check ☐ if self-employed

P00237591

Firm's name	▶ KPMG LLP
Firm's address	▶ 60 SOUTH STREET BOSTON, MA

Firm's EIN ► 13-5565207

02111

Phone no 617-988-1000

Form **990-PF** (2010)

**FORM 990-PF - PART IV**  
**CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
624,249.		FIDELITY INVESTMENTS -ST					624,249.	
2,342.		POLARIS CAPITAL MANAGEMENT -ST					2,342.	
158,447.		FIDUCIARY TRUST COMPANY -ST					158,447.	
2,067.		SHORT TERM GAIN/LOSS VIA K-1S					2,067.	
-15,688.		FIDELITY INVESTMENTS -LT					-15,688.	
296,331.		POLAIRS CAPITAL MGMT -LT					296,331.	
481,676.		FIDUCIARY TRUST COMPANY -LT					481,676.	
109,747.		LONG TERM GAIN/LOSS VIA K-1S					109,747.	
1,091.		TD AMERITRADE					1,091.	
6,264.		TIFF MULTI ASSET FUND					6,264.	
-3,264.		TIFF INTERNATIONAL EQUITIES FUND					-3,264.	
23,150.		GAIN ON REDEMPTION OF US TREASURY NOTE					23,150.	
TOTAL GAIN (LOSS) .....							<u>1,686,412.</u>	

ATTACHMENT 1FORM 990PF, PART I - INTEREST ON TEMPORARY CASH INVESTMENTS

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
TD BANKNORTH	218.	218.
TOTAL	<u>218.</u>	<u>218.</u>



ATTACHMENT 2FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
FIDELITY INVESTMENTS	195,283.	195,283.
POLARIS CAPITAL MANAGEMENT	199,955.	199,955.
FIDUCIARY TRUST COMPANY	111,476.	111,476.
TIFF MULTI ASSET FUND	30,202.	30,202.
TIFF INTERNATIONAL EQUITIES FUND	26,519.	26,519.
TD BANKNORTH - MONEY MARKET	4.	4.
TD BANKNORTH - VANGUARD INVST GR. FUND	13,024.	13,024.
TD AMERITRADE	58,608.	58,608.
FIDELITY INVESTMENTS	5,121.	5,121.
BANCNORTH INVESTMENT GROUP	5,852.	5,852.
TD AMERITRADE	74,805.	74,805.
INVESTMENT INCOME VIA A.W. JONES	17,776.	17,776.
INVESTMENT INCOME VIA MLM INDEX FUND	117.	117.
INVESTMENT INCOME VIA THRIFT INVESTORS	696.	696.
INVESTMENT INCOME VIA WAN LI FUND, LP	632.	632.
TOTAL	<u>720,849.</u>	<u>740,070.</u>

ATTACHMENT 3FORM 990PF, PART I - OTHER INCOME

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
U.S. TREASURY REFUND OF 2008 EXCISE	39,335.	
XEROX CORP - CLASS ACTION PROCEEDS	4,094.	4,094.
ENRON - CLASS ACTION PROCEEDS	2,656.	2,656.
MOTOROLA - CLASS ACTION PROCEEDS	228.	228.
TD AMERITRADE - CASH AWARD	100.	100.
WORLDCOM - CLASS ACTION PROCEEDS	82.	82.
ROYAL DUTCH SHELL - REFUND FOREIGN TAXES	74.	74.
ROYAL DUTCH SHELL-REFUND FOREIGN TAXES	80.	80.
PROCEEDS FROM LIQUIDATION OF EXCELSIOR	249,978.	
CENDANT - CLASS ACTION PROCEEDS	592.	592.
CARDINAL HEALTH -CLASS ACTION PROCEEDS	673.	673.
U.S. TREASURY 2009 REFUND	13,877.	
TIFF MULTI ASSET FUND-RETURN OF CAPITAL	31,060.	
OTHER INCOME: A.W. JONES		73,498.
OTHER INCOME: MLM INDEX FUND		12,191.
OTHER INCOME: WAN LI FUND, LP		205.
TOTALS	342,829.	94,473.

ATTACHMENT 4FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
ACCOUNTING SERVICES	11,500.	5,750.		
TOTALS	<u>11,500.</u>	<u>5,750.</u>	<u>0.</u>	<u>0.</u>

ATTACHMENT 5FORM 990PF, PART I - OTHER PROFESSIONAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
CUSTODIAL FEE	92,241.	92,241.
INVESTMENT MANAGEMENT SERVICES	114,693.	114,693.
ADMINISTRATIVE SERVICES	10,000.	
MISCELLANEOUS BANK FEES	156.	156.
VIA A.W. JONES		17,353.
VIA BREITBURN ENERGY PARTNERS		2,664.
VIA EXCELSIOR ABSOLUTE		1,377.
VIA EXCELSIOR ABS LIQ TRUST		3,577.
TOTALS	<u>217,090.</u>	<u>232,061.</u>

FORM 990PF, PART I - INTEREST EXPENSE

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
INTEREST VIA PARTNERSHIP K-1		20,894.
TOTALS		20,894.

ATTACHMENT 7

FORM 990PF, PART I - TAXES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>CHARITABLE PURPOSES</u>
FEDERAL EXCISE TAX PAYMENT	3,500.		
FOREIGN TAXES	44,619.	44,619.	
MASS CHARITIES BUREAU	250.		250.
FOREIGN TAXES: A.W. JONES		780.	
FOREIGN TAXES: WAN LI FUND		3.	
TOTALS	<u>48,369.</u>	<u>45,402.</u>	<u>250.</u>

FORM 990PF, PART I - OTHER EXPENSES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
EXIT FEE - TIFF REDEMPTION	554.	554.
TOWN OF FALMOUTH	10.	
TOTALS	<u>564.</u>	<u>554.</u>

STANLEY W. WATSON FOUNDATION

22-3100750

FORM 990PF, PART II - U.S. AND STATE OBLIGATIONS

<u>DESCRIPTION</u>	<u>ATTACHMENT 9</u>	
	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
US TREASURIES	2,024,917.	2,132,971.
US OBLIGATIONS TOTAL	<u>2,024,917.</u>	<u>2,132,971.</u>



ATTACHMENT 10FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
FIDELITY INV ADVISORS GROUP	6,868,700.	1,151,596.	1,550,041.
U.S. TRUST COMPANY	0.		
POLARIS CAPITAL MANAGEMENT	7,357,175.	7,373,594.	9,160,134.
FIDUCIARY TRUST COMPANY	5,654,764.	6,538,965.	7,344,176.
TIFF MULTI ASSET FUND	1,260,480.	1,251,222.	1,377,959.
TIFF INTERNATIONAL EQUITIES	671,734.	664,762.	619,636.
TOTALS	<u>21,812,853.</u>	<u>16,980,139.</u>	<u>20,051,946.</u>

ATTACHMENT 11FORM 990PF, PART II - OTHER INVESTMENTS

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
VANGUARD INF PRO SEC ADM	511,670.	531,016.
VANGUARD SHORT TERM INV GR INV	1,923,790.	1,957,908.
VANGUARD INFL PRO SEC FUND	253,170.	241,777.
TOTALS	<u>2,688,630.</u>	<u>2,730,701.</u>

ATTACHMENT 12FORM 990PF, PART II - OTHER ASSETS

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
A.W. JONES LP	665,000.	580,000.	1,693,514.
THRIFT INVESTORS LP	100,000.	100,000.	68,909.
WAN LI FUND LP	100,000.	100,000.	204,168.
TOTALS	<u>865,000.</u>	<u>780,000.</u>	<u>1,966,591.</u>

ATTACHMENT 13FORM 990PF, PART III - OTHER DECREASES IN NET WORTH OR FUND BALANCESDESCRIPTIONAMOUNT

UNREALIZED LOSSES

11,457.

TOTAL

11,457.

## STANLEY W. WATSON FOUNDATION

22-3100750

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEESATTACHMENT 14

<u>NAME AND ADDRESS</u>	<u>TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION</u>	<u>COMPENSATION</u>	<u>CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS</u>	<u>EXPENSE ACCT AND OTHER ALLOWANCES</u>
FREDERICA W. VALOIS 220 MAIN STREET, SUITE 202 PO BOX 901 FALMOUTH, MA 02541	TRUSTEE	0.	0.	0.
WILLIAM K. MACKEY 220 MAIN STREET, SUITE 202 PO BOX 901 FALMOUTH, MA 02541	TRUSTEE	0.	0.	0.

WILLIAM K. MACKEY IS A TRUSTEE OF THE FOUNDATION AND ALSO A PRINCIPAL WITH MACKEY & FOSTER, PA. MACKEY & FOSTER, PA PROVIDED ADMINISTRATIVE SERVICES TO THE FOUNDATION DURING 2010 AND WAS PAID \$10,000 FOR THESE SERVICES. THE FOUNDATION BELIEVES THE SERVICES PROVIDED WERE REASONABLE AND NECESSARY FOR THE CARRYING OUT OF THE FOUNDATION'S EXEMPT PURPOSE AND THE AMOUNT PAID WAS NOT EXCESSIVE. ACCORDINGLY THE FOUNDATION HAS CONCLUDED THAT THESE PAYMENTS ARE PERMISSIBLE UNDER INTERNAL REVENUE REGULATION 53.4941(D)(3).

## GRAND TOTALS

0.	0.	0.
----	----	----

990PF, PART VIII- COMPENSATION OF THE FIVE HIGHEST PAID PROFESSIONALSATTACHMENT 15

<u>NAME AND ADDRESS</u>	<u>TYPE OF SERVICE</u>	<u>COMPENSATION</u>
POLARIS CAPITAL MANAGEMENT PO BOX 351 BOSTON, MA 02110	INVESTMENT MGMT	81,842.
MICHAEL J. CREW 205 WORCESTER COURT FALMOUTH, MA 02540-3919	INVESTMENT MGMT	73,041.
TOTAL COMPENSATION		<u>154,883.</u>

STANLEY W. WATSON FOUNDATION

22-3100750

FORM 990EF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 16

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
CAPE COD COMMUNITY COLLEGE EDUCATIONAL FOUNDATION 2240 IYANOUGH ROAD WEST BARNSTABLE, MA 02668	NONE EXEMPT ORGANIZATION	UNRESTRICTED	30,000
HIGHFIELD THEATER RESTORATION PROJECT THE CAPE COD CONSERVATORY 60 HIGHFIELD DRIVE FALMOUTH, MA 02540	NONE EXEMPT ORGANIZATION	UNRESTRICTED	15,000
COMMUNITY HEALTH CENTER OF CAPE COD P O BOX 394 MASHPEE, MA 02649	NONE EXEMPT ORGANIZATION	UNRESTRICTED	100,000
CAPE COD HEALTHCARE FOUNDATION ALLOCATED TO THE VISITING NURSE ASSOCIATION P O BOX 371 HYANNIS, MA 02601	NONE EXEMPT ORGANIZATION	UNRESTRICTED	125,000.
CAPE COD HEALTHCARE FOUNDATION ALLOCATED TO FALMOUTH HOSPITAL 348C GIFFORD STREET FALMOUTH, MA 02540	NONE EXEMPT ORGANIZATION	UNRESTRICTED	100,000
COALITION FOR BUZZARDS BAY 620 BELLEVILLE AVE NEW BEDFORD, MA 02745	NONE EXEMPT ORGANIZATION	UNRESTRICTED	100,000

STANLEY W WATSON FOUNDATION

22-3100750

FORM 990BF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEARATTACHMENT 16 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
DUFFY HEALTH CENTER 105 PARK STREET HYANNIS, MA 02601	NONE EXEMPT ORGANIZATION	UNRESTRICTED	25,000
FALMOUTH EDUCATION FOUNDATION INC P O BOX 1061 FALMOUTH, MA 02541	NONE EXEMPT ORGANIZATION	UNRESTRICTED	10,000
FALMOUTH PUBLIC LIBRARY FOUNDATION P O BOX 401 FALMOUTH, MA 02541	NONE EXEMPT ORGANIZATION	UNRESTRICTED	5,000
FALMOUTH SERVICE CENTER 115 SCRANTON AVENUE FALMOUTH, MA 02540	NONE EXEMPT ORGANIZATION	UNRESTRICTED	25,000
FRIENDS OF FAIRWINDS P O BOX 2447 TEATICKET, MA 02536	NONE EXEMPT ORGANIZATION	UNRESTRICTED	50,000
GOSNOLD INC 200 TER HUEN DRIVE FALMOUTH, MA 02540	NONE EXEMPT ORGANIZATION	UNRESTRICTED	25,000



FORM 990PF, PART XV -- GRANTS AND CONTRIBUTIONS PAID DURING THE YEARATTACHMENT 16 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
HISTORIC HIGHFIELD INC. P O BOX 494 FALMOUTH, MA 02541	NONE EXEMPT ORGANIZATION	UNRESTRICTED	25,000
MARINE BIOLOGICAL LABORATORY 7 MBL STREET WOODS HOLE, MA 02543	NONE EXEMPT ORGANIZATION	UNRESTRICTED	300,000
NEIGHBORHOOD FALMOUTH, INC P O BOX 435 FALMOUTH, MA 02541	NONE EXEMPT ORGANIZATION	UNRESTRICTED	20,000
PENIKESSE ISLAND SCHOOL P O. BOX 161 WOODS HOLE, MA 02543	NONE EXEMPT ORGANIZATION	UNRESTRICTED	60,000
THE 300 COMMITTEE 157 LOCUST STREET FALMOUTH, MA 02540	NONE EXEMPT ORGANIZATION	UNRESTRICTED	10,000
WOODS HOLE COMMUNITY ASSOCIATION P O BOX 327 WOODS HOLE, MA 02543	NONE EXEMPT ORGANIZATION	UNRESTRICTED	25,000

STANLEY W WATSON FOUNDATION

22-3100750

FORM 990PF, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 16 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
WOODS HOLE FILM FESTIVAL P O BOX 624 WOODS HOLE, MA 02543	NONE EXEMPT ORGANIZATION	UNRESTRICTED	5,000
THE WOODS HOLE RESEARCH CENTER P O BOX 296 WOODS HOLE, MA 02543	NONE EXEMPT ORGANIZATION	UNRESTRICTED	25,000
WOODS HOLE OCEANOGRAPHIC INSTITUTION WOODS HOLE, MA 02543	NONE EXEMPT ORGANIZATION	UNRESTRICTED	250,000
ZEPHYR EDUCATIONAL FOUNDATION, INC 54 WIDGEON ROAD FALMOUTH, MA 02540	NONE EXEMPT ORGANIZATION	UNRESTRICTED	2,500
TOTAL CONTRIBUTIONS PAID			<u>1,332,500</u>

Form **8868**

(Rev. January 2011)

Department of the Treasury  
Internal Revenue Service**Application for Extension of Time To File an  
Exempt Organization Return**

OMB No 1545-1709

► **File a separate application for each return.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box ☒ **X**
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form).

**Do not complete Part II unless** you have already been granted an automatic 3-month extension on a previously filed Form 8868

**Electronic filing (e-file).** You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile) and click on **e-file for Charities & Nonprofits**

**Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).**

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only ☐

All other corporations (including 1120-C filers), partnerships, REMCs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

<b>Type or print</b>  File by the due date for filing your return. See instructions.	Name of exempt organization		Employer identification number
	STANLEY W. WATSON FOUNDATION (c/o W.K. MACKEY)		22-3100750
	Number, street, and room or suite no. If a P O box, see instructions.		
	220 MAIN STREET, SUITE 202, P. O. BOX 901		
City, town or post office, state, and ZIP code. For a foreign address, see instructions			
FALMOUTH, MA 02541			

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

- The books are in the care of ► WILLIAM K. MACKEY, TREASURER

Telephone No. ► 508-548-1155 FAX No. ► \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for

- 1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until AUGUST 15, 20 11, to file the exempt organization return for the organization named above. The extension is for the organization's return for:
- ☒ X calendar year 20 10 or
- ☐ tax year beginning \_\_\_\_\_, 20 \_\_\_\_\_, and ending \_\_\_\_\_, 20 \_\_\_\_\_.

- 2 If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return ☐ Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$ 58,500.00
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$ 33,500.00
c <b>Balance Due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	3c	\$ 25,000.00

**Caution.** If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

For Paperwork Reduction Act Notice, see Instructions.

Form **8868** (Rev. 1-2011)

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** and check this box. ☒ **X**
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868
- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** (on page 1).

**Part II Additional (Not Automatic) 3-Month Extension of Time.** Only file the original (no copies needed).

<b>Type or print</b> File by the extended due date for filing your return. See instructions.	Name of exempt organization		Employer identification number
	STANLEY W. WATSON FOUNDATION (c/o W.K. MACKEY)		22-3100750
	Number, street, and room or suite no. If a P.O. box, see instructions.		
	220 MAIN STREET, SUITE 202, P. O. BOX 901		
City, town or post office, state, and ZIP code. For a foreign address, see instructions.			
FALMOUTH, MA 02541			

Enter the Return code for the return that this application is for (file a separate application for each return)  

Application Is For	Return Code	Application Is For	Return Code
Form 990	01		
Form 990-BL	02	Form 1041-A	08
Form 990-EZ	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of WILLIAM K. MACKEY, TREASURER  
Telephone No. 508-548-1155 FAX No.
- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) . If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and EINs of all members the extension is for.
- 4 I request an additional 3-month extension of time until NOVEMBER 15, 20 11.
- 5 For calendar year 2010, or other tax year beginning , 20 , and ending , 20 .
- 6 If the tax year entered in line 5 is for less than 12 months, check reason. ☐ Initial return ☐ Final return  
☐ Change in accounting period
- 7 State in detail why you need the extension **ADDITIONAL TIME IS NEEDED TO GATHER THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE TAX RETURN.**

<b>8a</b> If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	<b>8a</b>	\$ 58,500.00
<b>b</b> If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	<b>8b</b>	\$ 58,500.00
<b>c Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFIPS (Electronic Federal Tax Payment System). See instructions	<b>8c</b>	\$ 0.00

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form

Signature Title Date 

Form 8868 (Rev. 1-2011)

**KPMG LLP I.D. #13-5565207**  
**Two Financial Center, 60 South Street**  
**Boston, MA 02111-9844**