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

2011

For calendar year 2011 or tax year beginning , 2011, and ending , 20

Name of foundation: BLANCHE M. & GEORGE L. WATTS MOUNTAINSIDE COMMUNITY FOUNDATION

A Employer identification number: 20-2942228

Number and street (or P.O box number if mail is not delivered to street address): 210 Orchard Street

Room/suite:

B Telephone number (see instructions): 908 232-2244

City or town, state, and ZIP code: Westfield, NJ 07090

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 ▶ ☐

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

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)* ▶ $ 3,706,182

J Accounting method: ☑ Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received (attach schedule)	850			
	2	Check ▶ ☐ if the foundation is not required to attach Sch. B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	109,615	109,615		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	70,333			
	b	Gross sales price for all assets on line 6a 1,379,448				
	7	Capital gain net income (from Part IV, line 2)		70,333		
	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)				
	12	**Total.** Add lines 1 through 11	180,798	179,948		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)	22,472	2,247		20,225
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule)	25,129	20,103		5,026
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	1,840	361		
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	2,062	0		2,062
	24	**Total operating and administrative expenses.** Add lines 13 through 23	51,503	22,711		32,313
	25	Contributions, gifts, grants paid	154,725			154,725
	26	**Total expenses and disbursements.** Add lines 24 and 25	206,228	22,711		187,038
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	-25,430			
	b	**Net investment income** (if negative, enter -0-)		157,237		
	c	**Adjusted net income** (if negative, enter -0-)				

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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	80,121	29,698	29,698
	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 instructions)			
	7	Other notes and loans receivable (attach schedule) ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U.S. and state government obligations (attach schedule)	304,438	215,000	218,095
	b	Investments—corporate stock (attach schedule)	2,650,837	2,813,958	3,091,926
	c	Investments—corporate bonds (attach schedule)	295,331	265,306	276,960
	11	Investments—land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)			
	14	Land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	15	Other assets (describe ▶ Simon Property LLP & PFD. Stock)	123,688	97,787	89,500
	16	**Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	3,447,183	3,421,749	3,706,182
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 (attach schedule)			
	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 ▶ ☑ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds	3,447,183	3,421,749	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	**Total net assets or fund balances** (see instructions)	3,447,183	3,421,749	
	31	**Total liabilities and net assets/fund balances** (see instructions)	3,447,183	3,421,749	

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	3,447,183
2	Enter amount from Part I, line 27a	2	-25,430
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	3,421,749
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,421,749

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	See Schedule Attached			
b				
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a				
b				
c				
d				
e				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a				
b				
c				
d				
e				

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	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	3	

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No
If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see 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))
2010	172,284	3,619,504	0.0475
2009	175,020	3,386,970	0.0517
2008	211,094	3,921,261	0.0538
2007	166,232	4,408,314	0.0317
2006	48,300	3,743,541	0.0129

2	**Total** of line 1, column (d)	2	0.1976
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0.0395
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	3,694,725
5	Multiply line 4 by line 3	5	146,016
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,572
7	Add lines 5 and 6	7	147,588
8	Enter qualifying distributions from Part XII, line 4	8	187,038

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	1,572	00
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	1,572	00
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4		
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	1,572	00
6	Credits/Payments:			
a	2011 estimated tax payments and 2010 overpayment credited to 2011 — 6a 950 00			
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	950	00
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	622	00
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 2012 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		✓
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)?	1b		✓
	*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		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ ________ **(2)** On foundation managers. ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		✓
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		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
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	✓	
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	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ New Jersey			
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	✓	
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 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		✓
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		✓

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		✓
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	

Website address ▶

14 The books are in care of ▶ Phelan, Frantz & Peek Telephone no. ▶ 908 232-2244
Located at ▶ 210 Orchard Street, Westfield, NJ ZIP+4 ▶ 07090

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 |

			Yes	No
16	At any time during calendar year 2011, 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?	16		✓
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b		
	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 2011?	1c		✓
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 2011, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2011? ☐ Yes ☑ No If "Yes," list the years ▶ 20____ , 20____ , 20____ , 20____			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions.)	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20____ , 20____ , 20____ , 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2011 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 2011.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		✓
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 2011?	4b		✓

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

			Yes	No
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 instructions) ☐ Yes ☑ No			
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No			
b	If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?	5b		
	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		✓
	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 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
Nicholas Bradshaw 320 Partridge Run, Mountainside, NJ 07092	President-PT	0	0	0
John Clifford 11 Partridge Run, Mountainside, NJ 07092	VP-PT	0	0	0
Bart Barre 123 Wild Hodge Lane, Mountainside, NJ 07092	Secretary-PT	0	0	0
G. Dewey Moser 308 Partridge Run, Mountianside, NJ 07092	Treasurer-PT	0	0	0

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

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

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

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**

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
Sue Winans 269 Central Avenue, Mountainside, NJ	Director/PT	0	0	0
Reverend Christopher Belden 1449 Deer Path, Mountainside, NJ	Director/PT	0	0	0
Patricia Connelly 323 Partridege Run, Mountainside, NJ	Director/PT	0	0	0
Vasy Hondecker 373 Short Drive, Mpountainside, NJ	Director/PT	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

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

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
N/A		
Total number of others receiving over $50,000 for professional services ▶		

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 instructions)

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

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	3,730,256
b	Average of monthly cash balances	1b	27,737
c	Fair market value of all other assets (see instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	3,750,993
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	3,750,993
4	Cash deemed held for charitable activities. Enter 1 ½ % of line 3 (for greater amount, see instructions)	4	56,265
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,694,725
6	**Minimum investment return.** Enter 5% of line 5	6	184,736

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	184,736
2a	Tax on investment income for 2011 from Part VI, line 5	2a	1,572		
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b			
c	Add lines 2a and 2b			2c	1,572
3	Distributable amount before adjustments. Subtract line 2c from line 1			3	
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	186,308
6	Deduction from distributable amount (see instructions)			6	
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1			7	186,308

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	187,038
b	Program-related investments—total from Part IX-B	1b	
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	187,038
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b (see instructions)	5	1,572
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	185,466

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 2010	(c) 2010	(d) 2011
1	Distributable amount for 2011 from Part XI, line 7				186,308
2	Undistributed income, if any, as of the end of 2011:				
a	Enter amount for 2010 only			174,970	
b	Total for prior years: 20___,20___,20___				
3	Excess distributions carryover, if any, to 2011:				
a	From 2006				
b	From 2007				
c	From 2008				
d	From 2009				
e	From 2010				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2011 from Part XII, line 4: ► $ 187,038				
a	Applied to 2010, but not more than line 2a			174,970	
b	Applied to undistributed income of prior years (Election required—see instructions)				
c	Treated as distributions out of corpus (Election required—see instructions)				
d	Applied to 2011 distributable amount				12,068
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2011 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income. Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b. Taxable amount—see instructions				
e	Undistributed income for 2010. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f	Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				174,240
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8	Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)				
9	**Excess distributions carryover to 2012.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9:				
a	Excess from 2007				
b	Excess from 2008				
c	Excess from 2009				
d	Excess from 2010				
e	Excess from 2011				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2011, 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			(e) Total
	(a) 2011	(b) 2010	(c) 2009	(d) 2008	
2a 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 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:

Thomas C. Phelan, 210 Orchard Street, Westfield, NJ 07090

b The form in which applications should be submitted and information and materials they should include:

Completion of the Watts Fdn. Application, or Scholarship Form-Must provide 501C-3 verification & a proposal for use of funds.

c Any submission deadlines:

March, June & September 15th

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

Restricted to organizations benefiting the residents of Mountainside, NJ

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				
Mountainside Resue Squad Mountainside, NJ	N/A	501C-3	General Operating Expense	31,200
NJPAC One Center Street, Newark, NJ	N/A	501C-3	General Operating Expense	16,000
Troop 177 Boy Scouts of America	N/A	501C-3	General Operating Expense	2,810
Children's Specialized Hospital Mountainside, NJ	N/A	501C-3	General Operating Expense	15,000
Community Presbyterian Church 1495 Deer Path, Mountainside, NJ	N/A	501C-3	Community Concert	10,000
Youth & Family Counseling Services 223 Prospect Street, Westfield, NJ	N/A	501C-3	General Operating Expense	2,000
CONTACT-WE-CARE Westfield, NJ	N/A	501C-3	General Operating Expense	1,500
Mountianside School District Mountainside, NJ	N/A	501C-3	Microscopes for 7th grade	4,972
Mountainside Public Library Constitution Plaza, Mountainside, NJ	N/A	501C-3	Folk Music Cafe	2,000
NJ Intergenerational Orchestra 6o0 Locust Avenue, Berkely Heights, NJi	N/A	501C-3	Concerts	750
Mountainside Recreational Department 1385 Highway 22, Mountainside, NJ	N/A	501C-3	Trips for Seniors	9,500
NJ Chapter of America	N/A	501C-3	General Operating Expense	100
Rowan University Glassboro, NJ	N/A	501C-3	Scholarship Jimmy Murdoch	5,000
Deerfield School Mountainside, NJ	N/A	501C-3	Student Awards	200
Drexel University Philadelphia, PA	N/A	501C-3	Scholarship Ayesha Rele	10,000
Rutgers University New Brunswick, NJ	N/A	501C-3	Scholarship Elena Lopez	1,193
Total . . . . ▶ 3a				Continued
b Approved for future payment				
SAGE Eldercare 290 Broad Street, Summit, NJ	N/A	501C-3	General Operating	40,000
Total . . . . ▶ 3b				40,000

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*				
Rutgers University New Brunswick, NJ	N/A	501C-3	Scholarship Alexa Rocha	2,500
Total . . . . . . ▶ **3a**				114,725
b *Approved for future payment*				
Total . . . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See 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	109,615	
4 Dividends and interest from securities					
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					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory			18	70,333	
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				179,948	

13 **Total.** Add line 12, columns (b), (d), and (e) 13 179,948

(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). (See instructions)
	N/A

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)		✓
	(2) Other assets	1a(2)		✓
b	Other transactions:			
	(1) Sales of assets to a noncharitable exempt organization	1b(1)		✓
	(2) Purchases of assets from a noncharitable exempt organization	1b(2)		✓
	(3) Rental of facilities, equipment, or other assets	1b(3)		✓
	(4) Reimbursement arrangements	1b(4)		✓
	(5) Loans or loan guarantees	1b(5)		✓
	(6) Performance of services or membership or fundraising solicitations	1b(6)		✓
c	Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		✓

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

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

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Nicholas Bradshaw | 5/7/12 | Preident

Signature of officer or trustee | Date | Title

May the IRS discuss this return with the preparer shown below (see instructions)? ☑ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Thomas C. Phelan	Thomas C. Phelan	5/3/12		P00783791
Firm's name ▶ Phelan, Frantz & Peek			Firm's EIN ▶	45-4030217
Firm's address ▶ 210 Orchard Street, Westfield, NJ 07090			Phone no.	908 232-2244

THE BLANCHE & GEORGE WATTS
MOUNTAINSIDE COMMUNITY FOUNDATION
2011 FORM 990-PF
ADDENDUM TO PART 1, LINES 16A, 16C, 18 and 23

LINE 16A	NICHOLS, THOMSON, PEEK & PHELAN-Legal Fees		$22,472.00
LINE 16C	PEAPACK GLADSTONE BANK-Fees		$25,129.00
LINE 18	FEDERAL EXCISE TAX Balance Due 2010 $529 Estimate for 2011 $950		$ 1,479.00
	Foreign taxes paid		$ 361.00
LINE 23	NJ DIVISION OF CONSUMER AFFAIRS 2010 registration fee	$ 30.00	
	PEAPACK GLADSTONE BANK Tax Letter Fee	$ 125.00	
	NJ COUNCIL OF GRANT MAKERS Annual Fee	$ 500.00	
	PRINT FIRST	$1,137.00	
	GRAPHIC DESIGN	$ 300.00	
	TOTAL		$2,062.00

Statement of Value and Activity

December 1, 2011 - December 31, 2011

Asset Detail

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Cash & Equivalents						
Money Market Funds						
Peapack-Gladstone Money Market	69,698.26	1.00	$69,698.26	$69,698.26	$0.00	$139.40
Total Cash & Equivalents			$69,698.26	$69,698.26	$0.00	$139.40
Equity						
Consumer Discretionary						
Johnson Controls Inc TICKER: JCI	1,750.00	31.26	$54,705.00	$62,340.93	-$7,635 93	$1,260.00
Home Depot Inc TICKER: HD	2,000.00	42.04	$84,080.00	$68,805.48	$15,274 52	$2,320.00
Disney Walt Co New TICKER: DIS	1,500.00	37.50	$56,250.00	$36,129.07	$20,120.93	$900.00
			$195,035.00	$167,275 48	$27,759.52	$4,480.00
Consumer Staples						
Pepsico Inc TICKER: PEP	1,500.00	66.35	$99,525.00	$91,115.83	$8,409.17	$3,090.00
Sysco Corp TICKER: SYY	3,000.00	29.33	$87,990.00	$81,684.30	$6,305.70	$3,240.00
Procter & Gamble Co TICKER: PG	1,000.00	66.71	$66,710.00	$54,119.95	$12,590 05	$2,100.00
			$254,225.00	$226,920.08	$27,304.92	$8,430.00
Energy						
Schlumberger Ltd TICKER: SLB	1,250.00	68.31	$85,387.50	$78,251.87	$7,135.63	$1,250.00

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Statement of Value and Activity

December 1, 2011 - December 31, 2011

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Weatherford Intntl Ltd TICKER: WFT	5,000.00	14.64	$73,200.00	$114,384.03	-$41,184 03	$0.00
Chevron Corporation TICKER: CVX	1,000.00	106.40	$106,400.00	$61,332.48	$45,067 52	$3,240.00
Exxonmobil Corp TICKER: XOM	500.00	84.76	$42,380.00	$29,505.50	$12,874.50	$940.00
Total S.A Spons ADR TICKER: TOT	500.00	51.11	$25,555.00	$25,985.45	-$430.45	$1,347.50
			$332,922.50	$309,459.33	$23,463.17	$6,777.50
Financials						
Goldman Sachs Group Inc TICKER: GS	625.00	90.43	$56,518.75	$71,565.28	-$15,046.53	$875.00
JP Morgan Chase & Co TICKER: JPM	2,500.00	33.25	$83,125.00	$98,041.28	-$14,916.28	$2,500.00
Metlife Inc TICKER: MET	1,000.00	31.18	$31,180.00	$34,147 00	-$2,967.00	$740.00
Blackrock Inc CL A TICKER: BLK	625.00	178 24	$111,400.00	$116,871.24	-$5,471 24	$3,437.50
			$282,223.75	$320,624.80	-$38,401.05	$7,552.50
Health Care						
Abbott Labs TICKER: ABT	1,000.00	56.23	$56,230.00	$48,472.46	$7,757 54	$1,920.00
Amgen Inc TICKER. AMGN	500.00	64.21	$32,105.00	$19,719.95	$12,385.05	$720.00
			$88,335.00	$68,192.41	$20,142.59	$2,640.00

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Statement of Value and Activity

December 1, 2011 - December 31, 2011

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Industrials						
Emerson Elec Co TICKER: EMR	1,750.00	46.59	$81,532 50	$94,224.00	-$12,691.50	$2,800.00
General Electric Corp TICKER: GE	5,000.00	17.91	$89,550.00	$102,103.72	-$12,553.72	$3,400.00
Danaher Corp TICKER: DHR	1,500.00	47.04	$70,560.00	$56,141.85	$14,418.15	$150.00
Illinois Tool Wks Inc TICKER: ITW	750.00	46.71	$35,032.50	$35,295.58	-$263.08	$1,080.00
Union Pac Corp TICKER: UNP	1,000.00	105.94	$105,940.00	$97,455 99	$8,484.01	$2,400 00
			$382,615.00	$385,221.14	-$2,606.14	$9,830.00
Technology						
Qualcomm Inc TICKER: QCOM	1,725.00	54.70	$94,357.50	$74,295 28	$20,062.22	$1,483.50
Adobe Sys Inc TICKER: ADBE	2,000.00	28.27	$56,540.00	$54,292.67	$2,247.33	$0 00
Citrix Systems Inc TICKER: CTXS	1,250.00	60.72	$75,900.00	$85,095.61	-$9,195.61	$0.00
Microsoft Corp TICKER: MSFT	1,750.00	25.96	$45,430 00	$47,624.80	-$2,194 80	$1,400.00
Visa Inc CL A TICKER: V	1,000.00	101.53	$101,530.00	$78,604.55	$22,925.45	$880.00
Apple Inc TICKER: AAPL	200.00	405.00	$81,000.00	$69,985.22	$11,014.78	$0.00
Intl. Business Machines Corp TICKER: IBM	750.00	183.88	$137,910 00	$74,771 67	$63,138.33	$2,250.00

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Statement of Value and Activity

December 1, 2011 - December 31, 2011

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Cisco Systems Inc TICKER: CSCO	4,500.00	18.08	$81,360 00	$82,862.75	-$1,502.75	$1,080.00
Intel Corp TICKER: INTC	4,000.00	24.25	$97,000.00	$86,818.40	$10,181.60	$3,360.00
			$771,027.50	$654,350.95	$116,676 55	$10,453.50
Basic Materials						
Nucor Corp TICKER: NUE	2,000.00	39.57	$79,140.00	$73,261.08	$5,878 92	$2,920.00
International Paper Co TICKER: IP	2,750.00	29 60	$81,400.00	$76,856.68	$4,543.32	$2,887.50
BHP Billiton Ltd Spons ADR TICKER: BHP	750.00	70 63	$52,972.50	$41,227.50	$11,745.00	$1,515.00
Air Products & Chemicals Inc TICKER: APD	1,000.00	85.19	$85,190.00	$70,650 33	$14,539 67	$2,320.00
Du Pont E I De Nemours & Co TICKER: DD	1,750.00	45.78	$80,115.00	$64,539.83	$15,575.17	$2,870 00
			$378,817.50	$326,535.42	$52,282.08	$12,512.50
Equity Mutual Funds						
Powershares Qqq Trust TICKER: QQQ	3,000.00	55.83	$167,490.00	$142,744.74	$24,745.26	$1,389.00
SPDR S&P Midcap 400 ETF Trust TICKER: MDY	1,500.00	159.49	$239,235.00	$212,633.93	$26,601.07	$2,569.50
			$406,725.00	$355,378.67	$51,346.33	$3,958 50
Total Equity			$3,091,926.25	$2,813,958.28	$277,967 97	$66,634.50

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Statement of Value and Activity

December 1, 2011 - December 31, 2011

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Fixed Income						
Government Securities						
Federal National Mortgage Assn DTD 10/27/2010 Var Cpn 10/27/2020 Callable	25,000.00	100.10	$25,025.50	$25,000.00	$25.50	$625.00
			$25,025 50	$25,000.00	$25.50	$625.00
Municipal Obligations						
Hudson County New Jersey Facilities Revenue DTD 12/22/2010 3.835% 12/01/2015 Non Callable	50,000.00	106.22	$53,111.00	$50,000.00	$3,111 00	$1,917.50
Morris County New Jersey Impt Auth General Obligation DTD 12/14/2011 1.562% 06/15/2014 Non Callable	75,000.00	99.97	$74,974.50	$75,000.00	-$25.50	$1,171.50
Morris County New Jersey Impt Auth General Obligation DTD 12/14/2011 1.500% 01/15/2013 Non Callable Cnty Gtd	65,000.00	99 98	$64,986.35	$65,000.00	-$13.65	$975.00
			$193,071.85	$190,000.00	$3,071.85	$4,064.00
Corporate Bonds						
General Electric Capital Corporation Medium Term Note DTD 04/10/2007 5.000% 04/10/2012 Non Callable	125,000.00	101.23	$126,537.50	$116,718.75	$9,818.75	$6,250.00

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Statement of Value and Activity

December 1, 2011 - December 31, 2011

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
HSBC Finance Corp DTD 06/27/2005 5.000% 06/30/2015 Non Callable	25,000.00	101 54	$25,384.75	$23,987.50	$1,397.25	$1,250.00
JPMorgan Chase & Co Medium Term Note DTD 01/24/2011 2.050% 01/24/2014 Non Callable	50,000.00	100.08	$50,038.00	$49,975.00	$63.00	$1,025 00
Morgan Stanley Medium Term Note DTD 05/27/2009 Var Cpn 05/27/2029 Callable TICKER: MSM0029	75,000.00	100.00	$75,000.00	$74,625.00	$375.00	$8,250.00
			$276,960.25	$265,306.25	$11,654.00	$16,775.00
Preferred Stocks Nonconvertible						
BAC Capital Trust III 7.000% Preferred Due 08/15/2032 Callable	2,000.00	20.74	$41,480.00	$49,202.58	-$7,722 58	$3,500.00

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Asset Detail (continued)

Statement of Value and Activity

December 1, 2011 - December 31, 2011

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Goldman Sachs Group Inc 6.200% Preferred Series B Callable	2,000.00	24 01	$48,020.00	$48,584.03	-$564.03	$3,100.00
			$89,500.00	$97,786.61	-$8,286.61	$6,600 00
Total Fixed Income			$584,557.60	$578,092.86	$6,464.74	$28,064.00
Total All Assets			**$3,746,182.11**	**$3,461,749.40**	**$284,432.71**	**$94,837.90**

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2011 Tax Information Statement

BLANCHE M & GEORGE L WATTS

Account Number: 009256
Tax ID Number: 20-2942228

New Jersey Supplemental Capital Gains and Losses Detail

Number of shares	CUSIP	Description	Date Acquired	Date of Sale	Stocks Bonds, etc.	Cost or other Basis	Net Gain or Loss
500.0000	002824100	ABBOTT LABORATORIES	01/06/2006	02/09/2011	22,765.56	20,050.00	2,715.56
500.0000	73935A104	POWERSHARES QQQ TRUST	01/16/2008	02/09/2011	28,985.54	23,510.00	5,475.54
275.0000	747525103	QUALCOMM INC	01/06/2006	02/09/2011	15,444.44	12,630.42	2,814.02
250.0000	881624209	TEVA PHARMACEUTICAL INDS LTD ADR	10/02/2009	02/09/2011	12,877.25	12,462.30	414.95
500.0000	002824100	ABBOTT LABORATORIES	08/27/2007	02/18/2011	23,325.55	26,177.00	-2,851.45
750.0000	053015103	AUTOMATIC DATA PROCESSING INC	01/09/2006	04/01/2011	38,641.96	29,507.86	9,134.10
1000.0000	665859104	NORTHERN TR CORP	12/07/2009	04/21/2011	49,399.35	47,979.23	1,420.12
250.0000	088606108	BHP BILLITON LTD SPONS ADR	05/20/2009	05/03/2011	24,342.38	13,742.50	10,599.88
250.0000	459200101	INTERNATIONAL BUSINESS MACHINES	01/09/2006	05/03/2011	43,037.55	20,930.00	22,107.55
250.0000	89151E109	TOTAL S.A. SPONS ADR	02/19/2010	05/03/2011	15,677.85	14,453.97	1,223.88
180000.0000	3136F8T39	FNMA 5.050% 2/14/23	01/29/2008	05/14/2011	180,000.00	179,437.50	562.50
500.0000	00724F101	ADOBE SYS INC	11/24/2008	06/02/2011	16,870.57	10,924.60	5,945.97
750.0000	760975102	RESEARCH IN MOTION LIMITED	12/16/2009	07/06/2011	20,933.45	45,226.95	-24,293.51
750.0000	302182100	EXPRESS SCRIPTS INC CL A	07/21/2010	07/28/2011	40,966.91	32,909.92	8,056.99
750.0000	302182100	EXPRESS SCRIPTS INC CL A	07/22/2010	07/28/2011	40,560.05	32,369.93	8,190.12
3750.0000	05518E202	BAC CAP TR III 7.000% PFD	03/22/2007	08/09/2011	82,039.80	87,753.73	-5,713.93
2750.0000	38144X500	GOLDMAN SACHS GROUP 6.200% PFD SER B	04/07/2008	08/09/2011	64,358.94	61,780.62	2,578.32

2011 Tax Information Statement

Account Number: 009256
Tax ID Number: 20-2942228

BLANCHE M & GEORGE L WATTS

New Jersey Supplemental Capital Gains and Losses Detail

Number of shares	CUSIP	Description	Date Acquired	Date of Sale	Stocks Bonds, etc.	Cost or other Basis	Net Gain or Loss
500.0000	002824100	ABBOTT LABORATORIES	01/06/2006	02/09/2011	22,765.56	20,050.00	2,715.56
500.0000	73935A104	POWERSHARES QQQ TRUST	01/16/2008	02/09/2011	28,985.54	23,510.00	5,475.54
275.0000	747525103	QUALCOMM INC	01/06/2006	02/09/2011	15,444.44	12,630.42	2,814.02
250.0000	881624209	TEVA PHARMACEUTICAL INDS LTD ADR	10/02/2009	02/09/2011	12,877.25	12,462.30	414.95
500.0000	002824100	ABBOTT LABORATORIES	08/27/2007	02/18/2011	23,325.55	26,177.00	-2,851.45
750.0000	053015103	AUTOMATIC DATA PROCESSING INC	01/09/2006	04/01/2011	38,641.96	29,507.86	9,134.10
1000.0000	665859104	NORTHERN TR CORP	12/07/2009	04/21/2011	49,399.35	47,979.23	1,420.12
250.0000	088606108	BHP BILLITON LTD SPONS ADR	05/20/2009	05/03/2011	24,342.38	13,742.50	10,599.88
250.0000	459200101	INTERNATIONAL BUSINESS MACHINES	01/09/2006	05/03/2011	43,037.55	20,930.00	22,107.55
250.0000	89151E109	TOTAL S.A. SPONS ADR	02/19/2010	05/03/2011	15,677.85	14,453.97	1,223.88
180000.0000	3136F8T39	FNMA 5.050% 2/14/23	01/29/2008	05/14/2011	180,000.00	179,437.50	562.50
500.0000	00724F101	ADOBE SYS INC	11/24/2008	06/02/2011	16,870.57	10,924.60	5,945 97
750.0000	760975102	RESEARCH IN MOTION LIMITED	12/16/2009	07/06/2011	20,933.45	45,226.95	-24,293.51
750.0000	302182100	EXPRESS SCRIPTS INC CL A	07/21/2010	07/28/2011	40,966.91	32,909.92	8,056.99
750.0000	302182100	EXPRESS SCRIPTS INC CL A	07/22/2010	07/28/2011	40,560.05	32,369.93	8,190.12
3750.0000	05518E202	BAC CAP TR III 7.000% PFD	03/22/2007	08/09/2011	82,039.80	87,753.73	-5,713.93
2750 0000	38144X500	GOLDMAN SACHS GROUP 6.200% PFD SER B	04/07/2008	08/09/2011	64,358.94	61,780.62	2,578.32

Important Tax Return Documents Enclosed

E

2011 Tax Information Statement

Account Number: 009256
Tax ID Number: 20-2942228

BLANCHE M & GEORGE L WATTS

New Jersey Supplemental Capital Gains and Losses Detail

Number of shares	CUSIP	Description	Date Acquired	Date of Sale	Stocks Bonds, etc.	Cost or other Basis	Net Gain or Loss
80000.0000	02586JAA4	AMER EXPRESS CR MTN 6.050% 9/15/11	09/02/2008	09/15/2011	80,000.00	80,000.00	0.00
750.0000	881624209	TEVA PHARMACEUTICAL INDS LTD ADR	10/02/2009	10/03/2011	27,816.97	37,386.90	-9,569.93
500.0000	458140100	INTEL CORPORATION	03/25/2010	10/24/2011	12,205.66	11,364.95	840.71
125000.0000	828807BX4	SIMON PROP GP LP 5.000% 3/01/12	02/13/2008	12/02/2011	125,000.00	123,687.50	1,312.50
Total Long Term 15% Sales					**1,002,248.55**	**953,692.71**	**48,555.83**

Long Term 15% Sales

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Important Tax Return Documents Enclosed