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 ,

MITCHELL W WATTS
FAMILY FOUNDATION, INC
PO BOX 39
CONCORD, NC 28026-0039

A Employer identification number: 26-0850536

B Telephone number (see the instructions): 704 788-6021

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

I Fair market value of all assets at end of year (from Part II, column (c), line 16) ► $ 754,094.

J Accounting method [X] Cash ☐ Accrual ☐ Other (specify) (Part I, column (d) must be on cash basis.)

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

	Line	(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 (att sch)	41,082.			
	2 Ck ► [X] if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments				
	4 Dividends and interest from securities	24,333.	24,333.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	94,843.			
	b Gross sales price for all assets on line 6a 1,364,017.				
	7 Capital gain net income (from Part IV, line 2)		94,843.		
	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/(loss) (att sch)				
	11 Other income (attach schedule)				
	12 **Total.** Add lines 1 through 11	160,258.	119,176.	0.	
OPERATING AND ADMINISTRATIVE EXPENSES	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 sch) SEE ST 1	1,500.			1,500.
	c Other prof fees (attach sch) SEE ST 2	8,302.	8,302.		
	17 Interest				
	18 Taxes (attach schedule)(see instrs) SEE STM 3	553.	553.		
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 **Total operating and administrative expenses.** Add lines 13 through 23	10,355.	8,855.		1,500.
	25 Contributions, gifts, grants paid PART XV	25,000.			25,000.
	26 **Total expenses and disbursements.** Add lines 24 and 25	35,355.	8,855.	0.	26,500.
	27 Subtract line 26 from line 12:				
	a **Excess of revenue over expenses and disbursements**	124,903.			
	b **Net investment income** (if negative, enter -0-)		110,321.		
	c **Adjusted net income** (if negative, enter -0-)			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 (a) Book Value	End of year (b) Book Value	(c) Fair Market Value
ASSETS	1 Cash – non-interest-bearing			
	2 Savings and temporary cash investments	32,481.	57,445.	57,445.
	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 sch) ►			
	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)	45,825.		
	b Investments – corporate stock (attach schedule)	597,217.	696,649.	696,649.
	c Investments – corporate bonds (attach schedule)	54,560.		
	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 ►)			
	16 Total assets (to be completed by all filers – see the instructions Also, see page 1, item I)	730,083.	754,094.	754,094.
LIABILITIES	17 Accounts payable and accrued expenses			
	18 Grants payable			
	19 Deferred revenue			
	20 Loans from officers, directors, trustees, & 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 ► [X] and complete lines 24 through 26 and lines 30 and 31.			
	24 Unrestricted	730,083.	754,094.	
	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			
	28 Paid-in or capital surplus, or land, building, and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds			
	30 Total net assets or fund balances (see instructions)	730,083.	754,094.	
	31 Total liabilities and net assets/fund balances (see instructions)	730,083.	754,094.	

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	730,083.
2	Enter amount from Part I, line 27a	2	124,903.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	854,986.
5	Decreases not included in line 2 (itemize) ► SEE STATEMENT 4	5	100,892.
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	754,094.

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 shares MLC Company)	(b) How acquired P — Purchase D — Donation	(c) Date acquired (month, day, year)	(d) Date sold (month, day, year)
1a	SECURITY SALES - SUMMARY ATTACHED	P	VARIOUS	VARIOUS
b	CAPITAL GAIN DIVIDENDS	P	VARIOUS	VARIOUS
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	1,362,740.		1,269,174.	93,566.
b	1,277.			1,277.
c				
d				
e				

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

	(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h) gain minus column (k), but not less than -0-) or Losses (from column (h))
a				93,566.
b				1,277.
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	94,843.
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	0.

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 (column (b) divided by column (c))
2010	30,525.	606,091.	0.050364
2009	31,413.	537,045.	0.058492
2008	7,060.	690,428.	0.010226
2007		88,576.	
2006			

2	**Total** of line 1, column (d)	2	0.119082
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	0.029771
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	745,802.
5	Multiply line 4 by line 3	5	22,203.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,103.
7	Add lines 5 and 6	7	23,306.
8	Enter qualifying distributions from Part XII, line 4	8	26,500.

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)

1 a	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 instrs)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► [X] and enter 1% of Part I, line 27b	1	1,103.
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	2	0.
3	Add lines 1 and 2	3	1,103.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0.
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-	5	1,103.
6	Credits/Payments.		
a	2011 estimated tax pmts and 2010 overpayment credited to 2011	6a	
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	0.
8	Enter any **penalty** for underpayment of estimated tax Check here [X] if Form 2220 is attached	8	7.
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ►	9	1,110.
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
1 a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	1b		X
	*If the answer is 'Yes' to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		X
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation ► $ 0. **(2)** On foundation managers ► $ 0.			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► $ 0.			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If 'Yes,' attach a detailed description of the activities.*	2		X
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If 'Yes,' attach a conformed copy of the changes*	3		X
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b	If 'Yes,' has it filed a tax return on **Form 990-T** for this year?	4b	N/A	
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If 'Yes,' attach the statement required by General Instruction T.*	5		X
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If 'Yes,' complete Part II, column (c), and Part XV.*	7	X	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ► N/A			
b	If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If 'No,' attach explanation*	8b	X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2011 or the taxable year beginning in 2011 (see instructions for Part XIV)? *If 'Yes,' complete Part XIV*	9		X
10	Did any persons become substantial contributors during the tax year? *If 'Yes,' attach a schedule listing their names and addresses*	10		X

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

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation 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		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ► N/A

14 The books are in care of ► MITCHELL W WATTS Telephone no. ► 704 788-6021

Located at ► PO BOX 39 CONCORD NC ZIP + 4 ► 28026-0039

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here N/A ► ☐

and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

			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		X
	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

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

			Yes	No
1a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) ☐ Yes ☒ No			
b	If any answer is 'Yes' to 1a(1)-(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)?	1b	N/A	
	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		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 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	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ► 20__ , 20__ , 20__ , 20__			
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	N/A	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b		X

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

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

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

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

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

(4) Provide a grant to an organization other than a charitable, etc, organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (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** N/A

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

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

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

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

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** X

If 'Yes' to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☒ No

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

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

1 List all officers, directors, trustees, foundation managers and their compensation (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
MITCHELL W WATTS 1651 FLOWERFIELD DRIVE CONCORD, NC 28025	PRESIDENT 1.00	0.	0.	0.
LISA FAYE WATTS OVERCASH 709 PHARLAP LANE BAHAMA, NC 27503	SECRETARY 1.00	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 ► 0

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

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

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

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

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

Part IX-B **Summary of Program-Related Investments** (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 ▶	0.

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes:		
a	Average monthly fair market value of securities	1a	713,403.
b	Average of monthly cash balances	1b	43,756.
c	Fair market value of all other assets (see instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	757,159.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e: 0.		
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	757,159.
4	Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	11,357.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	745,802.
6	**Minimum investment return.** Enter 5% of line 5	6	37,290.

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	37,290.
2a	Tax on investment income for 2011 from Part VI, line 5 — 2a: 1,103.		
b	Income tax for 2011 (This does not include the tax from Part VI) — 2b:		
c	Add lines 2a and 2b	2c	1,103.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	36,187.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	36,187.
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	36,187.

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	26,500.
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	26,500.
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	1,103.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	25,397.

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				36,187.
2 Undistributed income, if any, as of the end of 2011:				
a Enter amount for 2010 only			22,926.	
b Total for prior years 20___, 20___, 20___		0.		
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	0.			
4 Qualifying distributions for 2011 from Part XII, line 4: ► $ 26,500.				
a Applied to 2010, but not more than line 2a			22,926.	
b Applied to undistributed income of prior years (Election required — see instructions)		0.		
c Treated as distributions out of corpus (Election required — see instructions)	0.			
d Applied to 2011 distributable amount				3,574.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2011 (If an amount appears in column (d), the same amount must be shown in column (a).)	0.			0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount — see instructions		0.		
e Undistributed income for 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				32,613.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7 (see instructions)	0.			
9 Excess distributions carryover to 2012. Subtract lines 7 and 8 from line 6a	0.			
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) N/A

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

MITCHELL W WATTS

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:

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a Paid during the year				
SEE STATEMENT 5				
Total			► 3a	25,000.
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)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	Related or exempt function income (See instructions)
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					
4 Dividends and interest from securities			14	24,333.	
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			18	94,843.	
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)				119,176.	

13 **Total.** Add line 12, columns (b), (d), and (e) 13 119,176.

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

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

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

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

b If 'Yes,' complete the following schedule

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

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

▶ Mitchell W Watts 6/20/2012 ▶ President

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
CHARLES S SMITH, CPA	Charles S. Smith, CPA	6/15/12		P00370503

Firm's name ▶ STOCKS, SMITH, CAMPBELL & DENDY, CPA'S — Firm's EIN ▶ 56-1310626

Firm's address ▶ P.O. BOX 166
KANNAPOLIS, NC 28082-0166 — Phone no (704) 933-2181

STATEMENT 1
FORM 990-PF, PART I, LINE 16B
ACCOUNTING FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING AND TAX RETURN FEES	$ 1,500.			$ 1,500.
TOTAL	$ 1,500.	$ 0.	$ 0.	$ 1,500.

STATEMENT 2
FORM 990-PF, PART I, LINE 16C
OTHER PROFESSIONAL FEES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
INVESTMENT CONSULTING FEE	$ 7,913.	$ 7,913.		
INVESTMENT SERVICE CHARGES, ETC	389.	389.		
TOTAL	$ 8,302.	$ 8,302.	$ 0.	$ 0.

STATEMENT 3
FORM 990-PF, PART I, LINE 18
TAXES

	(A) EXPENSES PER BOOKS	(B) NET INVESTMENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
2010 FORM 990-PF BALANCE DUE	$ 275.	$ 275.		
FOREIGN TAXES WITHHELD ON DIVIDENDS	278.	278.		
TOTAL	$ 553.	$ 553.	$ 0.	$ 0.

STATEMENT 4
FORM 990-PF, PART III, LINE 5
OTHER DECREASES

UNREALIZED LOSSES ON MARKETABLE SECURITIES	$ 100,892.
TOTAL	$ 100,892.

STATEMENT 5
FORM 990-PF, PART XV, LINE 3A
RECIPIENT PAID DURING THE YEAR

NAME AND ADDRESS	DONEE RELATIONSHIP	FOUND-ATION STATUS	PURPOSE OF GRANT	AMOUNT
UNITY OF CHARLOTTE 401 E ARROWOOD ROAD CHARLOTTE, NC 28217	NONE			$ 500.
NEW HOPE CHURCH 7619 FAYETTEVILLE RD DURHAM, NC 27713	NONE			3,000.
JOEL OSTEEN MINISTRIES PO BOX 4600 HOUSTON, TX 77210	NONE			1,000.
THE MASONIC HOME FOR CHILDREN AT OXFORD 600 COLLEGE STREET OXFORD, NC 27565	NONE			500.
SAMARITAN'S PURSE PO BOX 3000 BOONE, NC	NONE			2,500.
LOWER CAPE FEAR HOSPICE & LIFECARE CENTE 206 WARRIOR TRAIL WHITEVILLE, NC 28472				1,000.
UNITY WORLDWIDE MINISTRIES 1901 NE BLUE PARKWAY UNITY VILLAGE, MO 64065	NONE			1,000.
UNC - CHAPEL HILL PO BOX 309 CHAPEL HILL, NC 27514	NONE			10,500.
CAMBELL UNIVERSITY PO BOX 116 BUIES CREEK, NC 27506	NONE			5,000.
			TOTAL	$ 25,000.

MITCHELL W WATS FAMILY FOUNDATION, INC
EIN 26-0850536
December 31, 2011

		Total 12/31/2011 Fair Market Value	US Government Obligations	Corporate Stocks	Corporate Bonds
Form 990-PF, Part II, Line 10, Investments - Fair Market Value					
MorganStanley SmithBarney Account #	819-73600-12	84,313 75		84,313 75	
MorganStanley SmithBarney Account #	819-73637-19	612,335 55		612,335.55	
		696,649 30	0 00	696,649 30	0 00

Business FMA Statement
December 1 - December 31, 2011

MITCHELL W. WATTS FAMILY **Account number 819-73600-12 258**

Common stocks & options

Citi Investment Research & Analysis (CIRA), Morgan Stanley & Co LLC (Morgan Stanley) and Standard & Poor's equity research ratings may be shown for certain securities All research ratings represent the "opinions" of the research provider and are not representations or guarantees of performance Because the applicable research report for each company contains more complete information regarding the analyst's opinions, analysis, and rating, you should read the entire research report and not infer its contents from the rating. Where a particular company is covered by both CIRA and Morgan Stanley, you can and should view both research reports. CIRA's equity research ratings are (1) (Buy), (2) (Neutral) and (3) (Sell). For ease of comparison, Morgan Stanley and Standard & Poor's equity research ratings have been normalized to a 1 (Buy), 2 (Hold). and 3 (Sell) Please refer to the end of this statement for a summary guide describing CIRA, Morgan Stanley and Standard & Poor's ratings. Morgan Stanley Smith Barney does not take responsibility for, and does not guarantee the accuracy, completeness, or timeliness of research prepared by Standard & Poor's

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
1,000	INTERDIGITAL INC **Rating** S&P*Quantitative : 3	IDCC		Please provide		$ 43 57	**$ 43,570 00**	Not available	**918%**	**$ 400.00**
1,325	SPECTRA ENERGY CORP **Rating:** Citigroup · 2 Morgan Stanley 2 S&P : 1	SE		Please provide		30 75	**40,743.75**	Not available	**3 642**	**1,484.00**
Total common stocks and options				**$ 0 00**			**$ 84,313.75**	**$ 0.00** ST** **$ 0.00** LT**	**2.23**	**$ 1,884.00**

Money fund

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1 00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders This liquidation process could take up to one month or more. During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Number of shares	Description	Current value	Accrued dividends	Annualized % dividend yield	Anticipated Income (annualized)
55,874 93	MORGAN STANLEY AA MONEY TRUST	$ 55,874 93		.01 %	$ 5.58
Total money fund		**$ 55,874 93**	**$ 0 00**		**$ 5 58**

Common stocks & options

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
44	AMERIGAS PARTNERS L P UNIT OF LIMITED PARTNERSHIP INTEREST	APU	03/04/11	$ 2,076.36	$ 47 19	$ 45 91	$ 2,020 04	($ 56.32) ST		
6			03/09/11	277 80	46 30	45.91	275 46	(2 34) ST		
50				**2,354 16**	**47 083**		**2,295 50**	**(58.66)**	**6.447**	**148 00**
119	EL PASO PIPELINE PARTNERS L P UNIT LTD PARTNERSHIP INT	EPB	03/04/11	4,491 99	37 747	34.62	4,119 78	(372 21) ST		
19			03/09/11	666 64	35 086	34 62	657.78	(8 86) ST		
138				**5,158 63**	**37 381**		**4,777 56**	**(381 07)**	**5 661**	**270 48**
103	ENERGY TRANSFER PARTNERS L P UNIT L.P INT	ETP	03/04/11	5,626 39	54 625	45 85	4,722.55	(903.84) ST		
16			03/09/11	858.98	53.686	45 85	733 60	(125 38) ST		
119				**6,485.37**	**54.499**		**5,456 15**	**(1,029.22)**	**7 797**	**425.43**
153	ENERGY TRANSFER EQUITY L P UNIT LTD PARTNERSHIP	ETE	03/04/11	6,088 79	39 796	40 58	6,208 74	119 95 ST		
22			03/09/11	867 19	39 417	40 58	892.76	25 57 ST		
19			06/03/11	821.05	43 213	40 58	771 02	(50 03) ST		
194				**7,777 03**	**40 088**		**7,872.52**	**95.49**	**6.16**	**485 00**
423	ENTERPRISE PRODS PARTNERS L P	EPD	03/04/11	18,233 55	43.177	46 38	19,618 74	1,385.19 ST		
85			03/04/11	3,413 84	40 23	46 38	3,942 30	528 46 ST		
70			03/09/11	2,932.13	41.957	46 38	3,246 60	314 47 ST		
14			03/09/11	551.74	39.475	46 38	649.32	97.58 ST		
592				**25,131 26**	**42 451**		**27,456 96**	**2,325.70**	**5 282**	**1,450.40**
151	GENESIS ENERGY L P	GEL	03/04/11	4,252.69	28.163	28.04	4,234 04	(18 65) ST		
29			03/09/11	801.56	27 64	28.04	813.16	11 60 ST		
180				**5,054 25**	**28 079**		**5,047.20**	**(7.05)**	**6.098**	**307 80**
129	INERGY LP	NRGY	03/04/11	5,349 11	41 466	24.42	3,150.18	(2,198.93) ST		
21			03/09/11	854.87	40 708	24.42	512 82	(342.05) ST		
150				**6,203 98**	**41.36**		**3,663 00**	**(2,540 98)**	**11.547**	**423 00**

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
60.5968	KINDER MORGAN MANAGEMENT LLC	KMR	03/04/11	$ 3,789 84	$ 63.064	$ 78 52	$ 4,758 06	$ 968.22 ST		
9 4032			03/09/11	583 49	62.571	78.52	738.34	154 85 ST		
70				**4,373.33**	**62 476**		**5,496 40**	**1,123 07**	4 024	221.20
123	KINDER MORGAN ENERGY PRTNRS LP	KMP	03/04/11	8,995.61	73.135	84.95	10,448.85	1,453 24 ST		
20			03/09/11	1,453.38	72 669	84.95	1,699 00	245.62 ST		
143				**10,448.99**	**73 07**		**12,147 85**	**1,698.86**	5 462	663.52
145	LINN ENERGY LLC COMMON UNITS	LINE	03/04/11	5 573.80	38 44	37 91	5 496.95	(76.85) ST		
24			03/09/11	913 63	38 067	37.91	909 84	(3 79) ST		
169				**6,487.43**	**38.387**		**6,406 79**	**(80 64)**	7 28	466 44
74	MAGELLAN MIDSTREAM PARTNERS LP	MMP	03/04/11	4,384 50	59 25	68 88	5,097.12	712 62 ST		
13	COM UNITS RPSTNG LP INTERESTS		03/09/11	764 48	58 805	68 88	895.44	130 96 ST		
87				**5,148 98**	**59.184**		**5,992.56**	**843 58**	4 645	278 40
92	MARKWEST ENERGY PARTNERS	MWE	03/04/11	4 200 72	45 66	55 06	5,065 52	864.80 ST		
16	-UTS		03/09/11	717 56	44 847	55 06	880.96	163 40 ST		
42			10/03/11	1,898 24	45.196	55.06	2,312.52	414 28 ST		
150				**6,816.52**	**45 443**		**8,259.00**	**1,442 48**	5 303	438 00
51	NUSTAR ENERGY L.P	NS	03/04/11	3 577 53	70 147	56 66	2,889 66	(687.87) ST		
8	COM UNITS REPSTG LTD PRTNR INT		03/09/11	545.23	68 153	56.66	453 28	(91.95) ST		
59				**4,122.76**	**69 877**		**3,342 94**	**(779.82)**	7 73	258.42
90	ONEOK PARTNERS L P	OKS	03/04/11	3,725 96	41 399	57 74	5,196.60	1,470 64 ST		
16			03/09/11	654.10	40 881	57.74	923 84	269 74 ST		
106				**4,380 06**	**41 321**		**6,120 44**	**1,740 38**	4.121	252 28
85	PLAINS ALL AMERN PIPELINE L P	PAA	03/04/11	5 562 70	65 443	73.45	6,243 25	680.55 ST		
13			03/09/11	829 24	63 787	73.45	954.85	125 61 ST		
14			12/02/11	935 09	66 792	73.45	1,028.30	93.21 ST		
112				**7,327 03**	**65.42**		**8,226.40**	**899 37**	5.418	445 76
165	REGENCY ENERGY PARTNERS L P	RGP	03/04/11	4,563 54	27 657	24.86	4,101 90	(461 64) ST		
27	UNITS REPSTG LTD PARTNER		03/09/11	714 66	26 469	24.86	671 22	(43.44) ST		
192				**5,278 20**	**27 491**		**4 773 12**	**(505 08)**	7 32	349.44
84	WILLIAMS PARTNERS L P	WPZ	03/04/11	4 320.12	51 43	59.99	5,039 16	719 04 ST		
16	UNIT LTD PARTNERSHIP INT		03/09/11	794.52	49.657	59 99	959 84	165 32 ST		
100				**5,114 64**	**51 146**		**5,999 00**	**884 36**	4 984	299.00
Total common stocks and options				**$ 117,662.62**			**$ 123,333.39**	**$ 5,670.77 ST**	5.82	
								$ 0 00 LT		$ 7,182.57

Exchange traded & closed end funds

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

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

Consulting Group Investment Advisor Research (CG IAR) status codes (FL, AL or NL) may be shown for certain exchange-traded funds. Please refer to "CG IAR Statuses in Investment Advisory Programs" at the end of this statement for a description of these status codes All status codes represent the opinions of CG IAR and are not representations or guarantees of performance.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
695	FIRST TRUST LARGE CAP CORE ALPHADEX FUND Equity portfolio	FEX	10/05/11	**$ 17,117 85**	$ 24 63	$ 27 17	**$ 18,883 15**	**$ 1,765.30** ST	**1.093%**	**$ 206.42**
1,018	FIRST TRUST CONSUMER DISCRETIONARY ALPHADEX FD Equity portfolio	FXD	03/04/11	21,029 43	20 657	19 84	20,197 12	(832 31) ST		
161			03/09/11	3,348 37	20 797	19 84	3,194 24	(154.13) ST		
8			03/21/11	163 44	20 43	19.84	158.72	(4.72) ST		
28			06/21/11	589 40	21 05	19 84	555 52	(33 88) ST		
55			08/11/11	1,032 90	18 78	19 84	1,091 20	58 30 ST		
40			09/28/11	763.20	19 08	19 84	793 60	30 40 ST		
1,310				**26,926 74**	**20 555**		**25,990 40**	**(936 34)**	**.635**	**165 06**
138	ISHARES MSCI THAILAND INDEX FUND ETF Equity portfolio	THD	05/31/11	9,335 84	67 65	60 11	8,295 18	(1,040 66) ST		
6			06/14/11	385 98	64 33	60 11	360 66	(25 32) ST		
10			08/11/11	667.81	66 781	60 11	601 10	(66 71) ST		
4			08/23/11	263.48	65 87	60 11	240 44	(23 04) ST		
4			09/13/11	252 96	63 24	60 11	240 44	(12 52) ST		
162				**10,906 07**	**67 321**		**9,737 82**	**(1,168 25)**	**3 001**	**292 25**
376	ISHARES MSCI SWITZERLAND INDEX FUND Equity portfolio	EWL	08/16/11	9,163 20	24 37	22 62	8 505 12	(658.08) ST		
10			08/23/11	239 80	23 98	22 62	226 20	(13 60) ST		
14			09/28/11	311.78	22 27	22 62	316 68	4 90 ST		
400				**9,714 78**	**24 287**		**9,048 00**	**(666 78)**	**2 431**	**220 00**
139	ISHARES MSCI SOUTH KOREA INDEX FUND Equity portfolio	EWY	03/04/11	8,334.13	59.957	52.26	7,264 14	(1,069.99) ST		
1			03/07/11	59 70	59 70	52 26	52 26	(7 44) ST		
24			03/09/11	1,439.04	59.96	52 26	1,254 24	(184 80) ST		
2			05/03/11	136.74	68 37	52.26	104 52	(32.22) ST		

Ref. 00003105 00091710

MorganStanley SmithBarney

Business FMA Statement
December 1 - December 31, 2011

MITCHELL W. WATTS FAMILY FNDTN   *Account number* 819-73637-19 258

Exchange traded & closed end funds *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
9	ISHARES MSCI SOUTH KOREA	EWY	08/11/11	$ 497.16	$ 55 24	$ 52.26	$ 470.34	($ 26.82) ST		
5	INDEX FUND		09/28/11	241.90	48.38	52.26	261.30	19 40 ST		
180	Equity portfolio			**10,708 67**	**59 493**		**9,406 80**	**(1,301 87)**	**1 339**	**126 00**
142	ISHARES INC MSCI SOUTH AFRICA	EZA	03/04/11	9,886 61	69 624	61.07	8,671 94	(1,214 67) ST		
22	INDEX FD		03/09/11	1,540.66	70.03	61.07	1,343.54	(197 12) ST		
1	Equity portfolio		03/21/11	67 01	67.01	61.07	61 07	(5.94) ST		
1			05/03/11	74.65	74 65	61.07	61 07	(13 58) ST		
12			08/11/11	771.84	64 32	61.07	732 84	(39 00) ST		
4			09/13/11	260.20	65.05	61.07	244 28	(15.92) ST		
182				**12,600.97**	**69 236**		**11,114 74**	**(1,486 23)**	**3.148**	**349.99**
48	ISHARES RUSSELL 2000 INDEX FD Equity portfolio **Rating** CG RESEARCH AL	IWM	10/27/11	**3,637.71**	75.785	73.75	**3,540 00**	**(97.71)** ST	**1.396**	**49.44**
146	MARKET VECTORS ETF TR	BJK	08/11/11	4,782.19	32 754	30 07	4,390.22	(391.97) ST		
4	GAMING ETF		09/13/11	128.00	32 00	30.07	120.28	(7.72) ST		
150	Equity portfolio			**4,910 19**	**32.735**		**4,510.50**	**(399.69)**	**2.091**	**94 35**
230	POWERSHARES NASDAQ INTERNET	PNQI	05/20/11	9,060 99	39.395	34.535	7,943.05	(1,117 94) ST		
30	PROTFOLIO		05/25/11	1,149.54	38 318	34.535	1,036 05	(113 49) ST		
15	Equity portfolio		08/09/11	514 25	34 283	34 535	518 03	3.78 ST		
3			09/28/11	102 64	34.214	34.535	103 61	97 ST		
278				**10,827 42**	**38.948**		**9,600 74**	**(1,226 68)**	**.037**	**3 61**
266	POWERSHARES EXCHANGE-TRADED FD	PXI	03/04/11	11,273 61	42.382	38 15	10,147.90	(1,125 71) ST		
43	DYNAMIC ENERGY SECTOR PORT		03/09/11	1.792 67	41.69	38.15	1,640.45	(152.22) ST		
3	Equity portfolio		03/14/11	121.56	40 52	38 15	114 45	(7.11) ST		
1			03/29/11	43 28	43.28	38.15	38.15	(5 13) ST		
2			05/03/11	86 60	43.30	38.15	76.30	(10 30) ST		
8			06/08/11	323.68	40.46	38.15	305.20	(18 48) ST		
22			08/11/11	823.80	37 445	38.15	839.30	15.50 ST		
345				**14,465 20**	**41.928**		**13,161.75**	**(1,303 45)**	**.642**	**84 53**
271	POWERSHARES S&P SMALLCAP	PSCH	05/31/11	9,301.37	34 322	31 53	8,544.63	(756.74) ST		
8	HEALTH CARE PORTFOLIO		06/14/11	260 64	32.58	31 53	252.24	(8.40) ST		
26	Equity portfolio		08/09/11	695 97	26 768	31.53	819.78	123 81 ST		
2			09/28/11	56.94	28 471	31.53	63.06	6.12 ST		
8			10/05/11	221.58	27.698	31.53	252.24	30.66 ST		
315				**10,536.50**	**33.449**		**9,931.95**	**(604.55)**	**91**	**90.41**

Ref 00003105 00091711

MorganStanley SmithBarney

Business FMA Statement
December 1 - December 31, 2011

MITCHELL W. WATTS FAMILY FNDTN **Account number 819-73637-19 258**

Exchange traded & closed end funds *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
107	SPDR S&P 500ETF TRUST Equity portfolio **Rating.** CG RESEARCH · AL	SPY	12/01/11	**$ 13,367 00**	$ 124 925	$ 125 50	**$ 13,428 50**	**$ 61 50** ST	**2 052%**	**$ 275 63**
29	SPDR DOW JONES INDL AVG ETF Equity portfolio **Rating·** CG RESEARCH AL	DIA	11/14/11	**3,500 26**	120 698	121 85	**3,533.65**	**33 39** ST	**2.438**	**86.16**
312	SCHWAB INTL SMALL-CAP EQTY ETF Equity portfolio	SCHC	05/18/11	9,529 88	30 544	23 38	7,294 56	(2.235.32) ST		
10			06/14/11	300.80	30 08	23 38	233 80	(67 00) ST		
28			08/09/11	714 00	25 50	23 38	654 64	(59 36) ST		
5			09/28/11	122 20	24 44	23 38	116 90	(5 30) ST		
355				**10,666 88**	**30 048**		**8,299 90**	**(2,366 98)**	**3.524**	**292 52**
505	VANGUARD MID-CAP GROWTH INDEX ETF Equity portfolio **Rating** CG RESEARCH . AL	VOT	03/04/11	33,545 79	66 427	59 54	30,067 70	(3,478 09) ST		
83			03/09/11	5 467 44	65 872	59 54	4,941 82	(525 62) ST		
17			06/21/11	1,112.65	65 45	59.54	1,012 18	(100 47) ST		
40			08/16/11	2,400 00	60 00	59 54	2,381 60	(18.40) ST		
35			10/05/11	1,918.35	54 81	59 54	2,083 90	165 55 ST		
680				**44,444 23**	**65 359**		**40,487 20**	**(3,957 03)**	**527**	**213 52**
114	SPDR SER TR BARCLAYS 1-3 MONTH T-BILL ETF Taxable bond portfolio **Rating·** CG RESEARCH · AL	BIL	11/17/11	5,226 90	45 85	45 83	5,224.62	(2 28) ST		
140			11/21/11	6,418 97	45 849	45 83	6,416 20	(2 77) ST		
73			11/21/11	3,347 05	45.85	45 83	3,345 59	(1 46) ST		
69			11/21/11	3,163 65	45 85	45 83	3,162 27	(1 38) ST		
42			11/22/11	1,925.70	45 85	45 83	1,924.86	(.84) ST		
127			11/23/11	5,822 95	45.85	45 83	5,820 41	(2 54) ST		
274			12/14/11	12,560 11	45 839	45 83	12,557 42	(2.69) ST		
839				**38,465 33**	**45 847**		**38,451 37**	**(13 96)**	**.004**	**1 68**
Total closed end fund equity allocation							**$ 190,675.10**			
Total closed end fund taxable bond allocation							**$ 38.451 37**			
Total exchange traded funds and closed end funds				**$ 242,795.80**			**$ 229,126.47**	**($ 13,669.33)** ST **$ 0.00** LT	**1.11**	**$ 2,551.57**

Ref. 00003105 00091712

MorganStanley SmithBarney

Business FMA Statement
December 1 - December 31, 2011

MITCHELL W. WATTS FAMILY FNDTN **Account number** 819-73637-19 258

Mutual funds

An investment in a money market fund is neither insured nor guaranteed by the FDIC or any other government agency. Although money market funds seek to preserve the value of your investment at $1.00 per share, there can be no assurance that will occur and it is possible to lose money should the fund value per share fall. Moreover, in some circumstances money market funds may be forced to cease operations when the value of a fund drops below $1 00 per share. In that event, the fund's holdings would be liquidated and distributed to the fund's shareholders. This liquidation process could take up to one month or more During that time, these funds would not be available to you to support purchases, withdrawals, and if applicable, check writing or ATM debits from your account.

Certain mutual funds may not be transferable to other broker-dealers. For further information, please refer to the fund's Prospectus or call your Financial Advisor.

Consulting Group Investment Advisor Research (CG IAR) status codes (FL, AL or NL) may be shown for certain mutual funds. Please refer to "CG IAR Statuses in Investment Advisory Programs" at the end of this statement for a description of these status codes All status codes represent the opinions of CG IAR and are not representations or guarantees of performance.
Yield is the current distribution annualized, divided by the fund's net asset value at the end of the statement period. Distributions may consist of income, capital gains or the return of capital Distributions and current dividend for funds are based upon information provided by an outside vendor and are not verified by us ***"Tax-Based Cost vs. Current Value"*** *is being provided for information purposes only.* ***"Cash Distributions (since inception)"*** *when shown, may reflect distributions on positions no longer held in the account, and may not reflect all distributions received in cash due to but not limited to the following: investments made prior to 1/1/89, asset transfers, recent activity and certain adjustments made in your account* ***"Total Purchases vs. Current Value"*** *is provided to assist you in comparing your* ***"Total purchases"*** *excluding reinvested distributions, with the current value of the fund's shares in your account.* ***"Fund Value Increase/Decrease"*** *reflects the difference between your total purchases and the current value of the fund's shares, plus cash distributions since inception.*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
13,522	INVESCO AIM ATST PREMIER PORTFOLIO MONEY MKT INSTL CL **Rating:** CG RESEARCH AL	IPPXX				$ 1 00	**$ 13,522 00**			**10%**	**$ 13.52**
2.397 074	BLACKROCK HIGH YIELD BOND PORT INSTL CL	BHYIX	03/04/11	18,841 00	7 86	7.39	17,714 38	(1 126 62) ST			
337.405	**Rating** CG RESEARCH FL		03/09/11	2 652 00	7 86	7.39	2,493.42	(158 58) ST			
2,734.479				**21,493.00**	**7 86**		**20,207 80**	**(1,285.20)**		**6 752**	**1,364 50**
	Cash distributions (since inception)								1,026 83		
	Total Purchases vs. Current Value			21,493 00			20,207 80		(1,285 20)		
	Fund Value Increase/Decrease								(258 37)		
710.445	NATIXIS FDS GATEWAY FUND CL Y	GTEYX	03/04/11	18,841 00	26 52	26.39	18,748 64	(92.36) ST			
99.173	**Rating:** CG RESEARCH : AL		03/09/11	2 638 00	26 60	26.39	2,617.18	(20.82) ST			
809 618				**21,479 00**	**26 53**		**21,365 82**	**(113 18)**		**1 868**	**399 14**
	Cash distributions (since inception)								399 47		
	Total Purchases vs Current Value			21,479.00			21,365 82		(113 18)		
	Fund Value Increase/Decrease								286.29		

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
1,868 055	ING GLOBAL REAL ESTATE FD	IGLIX	03/04/11	$ 31,402 00	$ 16 81	$ 15 00	$ 28,020 83	($ 3,381 17) ST			
261 401	CL I Rating: CG RESEARCH FL		03/09/11	4,402 00	16 84	15 00	3,921 02	(480 98) ST			
2,129 456				**35,804.00**	**16 814**		**31,941 85**	**(3,862 15)**		**4 326**	**1,382 01**
	Cash distributions (since inception)								**717 20**		
	Total Purchases vs Current Value			**35,804 00**			**31,941 85**		**(3,862.15)**		
	Fund Value Increase/Decrease								**(3,144.95)**		
881.244	JPMORGAN HIGHBRIDGE DYNAMIC	HDCSX	03/04/11	18,841.00	21 38	17 13	15,095 71	(3,745 29) ST			
145 733	COMMODITIES STRATEGY SELECT CL Rating CG RESEARCH . AL		03/09/11	3,040 00	20 86	17 13	2,496.41	(543 59) ST			
1,026.977				**21,881 00**	**21 306**		**17,592 12**	**(4,288 88)**			
	Cash distributions (since inception)								**951.42**		
	Total Purchases vs Current Value			**21,881 00**			**17,592.12**		**(4,288 88)**		
	Fund Value Increase/Decrease								**(3,337 46)**		
1,569.144	MERGER FUND (NO LOAD)	MERFX	03/04/11	25,122.00	16 01	15 59	24,462 95	(659 05) ST			
217 383	Rating CG RESEARCH : FL		03/09/11	3,489 00	16 05	15 59	3,389 00	(100 00) ST			
1,786 527				**28,611.00**	**16 015**		**27,851 95**	**(759 05)**		**532**	**148.28**
	Cash distributions (since inception)								**807 42**		
	Total Purchases vs Current Value			**28,611 00**			**27,851 95**		**(759 05)**		
	Fund Value Increase/Decrease								**48 37**		
5,767 218	PIMCO TOTAL RETURN FUND CL P	PTTPX	03/04/11	62,805.00	10 89	10 87	62,689 66	(115 34) ST			
821.651	Rating. CG RESEARCH . FL		03/09/11	8,956.00	10.90	10.87	8,931 35	(24 65) ST			
6,588.869				**71,761 00**	**10 891**		**71,621.01**	**(139 99)**		**3 201**	**2,292.92**
	Cash distributions (since inception)								**2,098 61**		
	Total Purchases vs. Current Value			**71,761 00**			**71,621 01**		**(139 99)**		
	Fund Value Increase/Decrease								**1,958.62**		
1,706 612	PIMCO EMERGING MARKETS BOND	PEMPX	03/04/11	18,841 00	11 04	11 25	19,199.39	358 39 ST			
234.747	FUND CL P Rating CG RESEARCH FL		03/09/11	2,601 00	11 08	11 25	2,640 90	39 90 ST			
1,941 359				**21,442 00**	**11 045**		**21,840 29**	**398 29**		**5 111**	**1,116 28**
	Cash distributions (since inception)								**803 23**		
	Total Purchases vs Current Value			**21,442.00**			**21,840 29**		**398 29**		
	Fund Value Increase/Decrease								**1,201 52**		
1,910.852	PIMCO COMMODITY REAL RETURN	PCRPX	03/04/11	18,841 00	9 86	6 53	12,477 86	(6,363 14) ST			
292 292	STRATEGY FUND CL P Rating. CG RESEARCH · FL		03/09/11	2,844.00	9 73	6 53	1,908.67	(935 33) ST			
2,203.144				**21,685 00**	**9 843**		**14,386 53**	**(7,298 47)**		**30 382**	**4,371 03**

Ref. 00003105 00091714

MorganStanley SmithBarney

Business FMA Statement
December 1 - December 31, 2011

MITCHELL W. WATTS FAMILY FNDTN **Account number 819-73637-19 258**

Mutual funds *continued*

Number of shares	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Net Value Increase/ Decrease	Yield	Anticipated income (annualized)
	PIMCO COMMODITY REAL RETURN STRATEGY FUND CL P	PCRPX									
	Cash distributions (since inception)								$ 4,769 22		
	Total Purchases vs Current Value			21,685 00			14,386 53		(7,298.47)		
	Fund Value Increase/Decrease								(2,529 25)		
1,387.408	TEMPLETON GLOBAL BOND FUND	TGBAX	03/04/11	18,841 00	13.58	12.37	17,162.24	(1 678 76) ST			
192 731	ADVISOR CLASS **Rating**·CG RESEARCH · FL		03/09/11	2,625 00	13.62	12.37	2,384 08	(240.92) ST			
1,580.139				21,466 00	13 585		19,546 32	(1,919.68)		5.125	1,001 80
	Cash distributions (since inception)								1,271 38		
	Total Purchases vs. Current Value			21,466.00			19,546 32		(1,919.68)		
	Fund Value Increase/Decrease								(648.30)		
Total mutual funds (Tax based)				$ 265,622.00			$ 259,875.69	($ 19,268.31) ST		4.65	
								$ 0.00 LT			$ 12,089 48
Total Fund Value Increase/Decrease									($ 6,423 53)		
Total portfolio value				$ 681,955.35			$ 668,210.48	($ 27,266.87) ST		3 26	$ 21,829.20
								$ 0.00 LT			

CASH 55874.93
SECURITIES 612,335.55
TOTAL 668,210.48

MITCHELL W WATS FAMILY FOUNDATION, INC
EIN 26-0850536
December 31, 2011

		Gross Sales Price	Cost	Net Gain (Loss)
Form 990-PF, Part IV, Capital Gains and Losses				
MorganStanley SmithBarney Account #	819-73571-17	3,978 32	4,001 57	(23 25)
MorganStanley SmithBarney Account #	819-73574-14	2,172.30	1,570.26	602.04
MorganStanley SmithBarney Account #	819-72576-12	4,056.08	3,645.97	410 11
MorganStanley SmithBarney Account #	819-73600-12	102,905 95	85,807.45	17,098.50
MorganStanley SmithBarney Account #	819-73637-19	1,249,628 05	1,174,149 10	75,478.95
	Totals	1,362,740.70	1,269,174.35	93,566.35

MorganStanley
SmithBarney

Ref: 00008086 00032932

2011 Year End Summary

MITCHELL W. WATTS FAMILY
Account Number 819-73571-17 258

Details of Short Term Gain (Loss) 2011

This section shows your sales of securities during the year The "Sale Proceeds" column excludes any accrued income you may have received. In addition, although cash in lieu less than $20 is not included on Form 1099-B (if applicable), it is included in this section Please note, this material is being prepared for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor.

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000070	3	NEWMONT MINING CORP	06/30/10	01/07/11	$ 170 90	$ 186 72	($ 15 82)	
	9		07/26/10		512 69	521.72	(9 03)	
	3		08/02/10		170 90	166.74		4.16
	2		09/20/10		113.93	126 58	(12 65)	
Total					**$ 968 42**	**$ 1,001 76**	**($ 37 50)**	**$ 4 16**

Details of Long Term Gain (Loss) 2011

This section shows your sales of securities during the year. The "Sale Proceeds" column excludes any accrued income you may have received. In addition, although cash in lieu less than $20 is not included on Form 1099-B (if applicable), it is included in this section. Please note, this material is being prepared for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor.

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000010	36	BANK NEW YORK MELLON CORP	01/29/08	01/05/11	$ 1,136.40	$ 1,610 28	($ 473.88)	
	3		07/18/08		94.70	107.24	(12.54)	
125000020	4	BARRICK GOLD CORP CAD	11/23/09	01/06/11	196.38	175.43		20 95
	4		12/07/09		196 37	169.76		26.61
125000030	9	DELTA AIR LINES INC	08/08/08	01/03/11	113.14	82.41		30.73
	15	(NEW)	10/20/08		188.57	135.91		52 66
	15		10/21/08		188.57	145.17		43.40
	4		10/22/08		50.28	39.98		10.30
	7		10/27/08		86.00	53.86		34.14
125000040	3	DELTA AIR LINES INC	10/27/08	01/04/11	37 77	23 08		14.69
	10	(NEW)	10/28/08		125.91	78.63		47 28
	15		11/24/08		188.87	104.79		84.08
	7		12/18/08		88 14	76 92		11.22
125000050	3	HSN INC	12/10/09	01/11/11	85.58	53.38		32.20
	2	CGMI AND/OR ITS AFFILIATES	12/11/09		57.05	35 74		21.31
125000060	6	HSN INC CGMI AND/OR ITS AFFILIATES	12/11/09	01/12/11	174.17	107.23		66.94
Total					**$ 3,009 90**	**$ 2,999.81**	**($ 486 42)**	**$ 496.51**
			TOTALS		3998.32	4001.57	<523.92>	500.67
							<23.25>	

D S U M M A 2 0 1 1 Y E A R E N D S U M

MITCHELL W. WATTS FAMILY
Account Number 819-73574-14 258

Details of Short Term Gain (Loss) 2011

This section shows your sales of securities during the year. The "Sale Proceeds" column excludes any accrued income you may have received. In addition, although cash in lieu less than $20 is not included on Form 1099-B (if applicable), it is included in this section. Please note, this material is being prepared for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000040	32	DELTA AIR LINES INC (NEW)	04/30/10	01/05/11	$ 416 64	$ 385.52		$ 31 12
Total					**$ 416.64**	**$ 385 52**		**$ 31.12**

Details of Long Term Gain (Loss) 2011

This section shows your sales of securities during the year The "Sale Proceeds" column excludes any accrued income you may have received. In addition. although cash in lieu less than $20 is not included on Form 1099-B (if applicable), it is included in this section Please note, this material is being prepared for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000010	21	DELTA AIR LINES INC	10/19/09	01/03/11	$ 262.97	$ 188.07		$ 74 90
	21	(NEW)	10/20/09		262 98	189.56		73.42

Details of Long Term Gain (Loss) 2011 - *continued*

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000020	13	DELTA AIR LINES INC	10/20/09	01/04/11	$ 163.66	$ 117.34		$ 46 32
	28	(NEW)	10/21/09		352.50	242.00		110.50
125000030	4	DELTA AIR LINES INC	10/21/09	01/05/11	51 85	34.57		17.28
	17	(NEW)	10/23/09		220.35	138.99		81 36
	14		10/23/09		181.47	114.24		67.23
	9		10/26/09		116.66	71.99		44.67
125000040	11	DELTA AIR LINES INC (NEW)	10/26/09	01/05/11	143.22	87.98		55.24
Total					**$ 1,755.66**	**$ 1,184.74**		**$ 570 92**
				TOTALS	2,172.30	1,570.26		602.04

Details of Deposits and Withdrawals 2011

This section reflects any deposits or withdrawals made to your account during the year.

END SUMMARY 2011 YEAR

Deposits

2011 Year End Summary

MITCHELL W. WATTS FAMILY FNDTN

Account Number 819-73576-12 258

END SUMMARY

Details of Short Term Gain (Loss) 2011

This section shows your sales of securities during the year. The "Sale Proceeds" column excludes any accrued income you may have received. In addition, although cash in lieu less than $20 is not included on Form 1099-B (if applicable), it is included in this section. Please note, this material is being prepared for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor.

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000010	11	CBL & ASSOC PPTYS INC	10/15/10	01/07/11	$ 190.10	$ 160.26		$ 29.84
125000030	16	DCT INDUSTRIAL TRUST INC	01/12/10	01/07/11	84.04	78.76 R		5 28
	46		05/10/10		241.61	244.38 R	(2.77)	
	23		10/06/10		120.81	111.55 R		9.26
125000050	20	KIMCO REALTY CORPORATION	09/20/10	01/04/11	361.48	330.40 R		31.08
125000080	2	MID-AMERICA APARTMENT CMNTYS TRADE AS OF 01/07/11	05/24/10	01/07/11	123.87	104.82 R		19.05
125000090	1	NATIONAL RETAIL PROPERTIES INC	07/06/10	01/11/11	24.91	21.58 R		3 33
	19		08/06/10		473.32	436.66 R		36.66
	11		10/11/10		274.02	288.49 R	(14.47)	
	14		11/02/10		348.76	382.68 R	(33.92)	
125000100	13	OMEGA HEALTHCARE INVESTORS INC	06/30/10	01/11/11	289.76	260.20 R		29.56
Total					**$ 2,532 68**	**$ 2,419.78**	**($ 51.16)**	**$ 164.06**

Details of Long Term Gain (Loss) 2011

This section shows your sales of securities during the year The "Sale Proceeds" column excludes any accrued income you may have received. In addition, although cash in lieu less than $20 is not included on Form 1099-B (if applicable), it is included in this section Please note, this material is being prepared for informational purposes only and should not be used for tax preparation without the assistance of your tax advisor.

2011 YEAR END

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Cost	(Loss)	Gain
125000020	2	CAMDEN PROPERTY TRUST SBI	07/14/08	01/07/11	$ 107.50	$ 86.07		$ 21.43
	2	TRADE AS OF 01/07/11	07/24/08		107 50	95.34		12.16
125000040	6	KILROY REALTY CORPORATION	05/29/09	01/04/11	220.16	118.77 R		101.39
125000060	2	LIBERTY PROPERTY TRUST-SBI	07/09/08	01/03/11	64.41	66.17	(1 76)	
	7		08/04/08		225 43	257.09	(31.66)	
	1		08/05/08		32 20	38 19	(5.99)	
	2		10/07/08		64 41	59 02		5.39
125000070	4	LIBERTY PROPERTY TRUST-SBI TRADE AS OF 01/07/11	10/07/08	01/07/11	128.30	118.03		10.27
125000110	28	PROLOGIS SH BEN INT	07/24/09	01/07/11	407.63	248 56		159 07
125000120	4	REGENCY CENTERS CORP	05/26/09	01/10/11	165.86	138.95		26.91
Total					**$ 1,523.40**	**$ 1,226 19**	**($ 39.41)**	**$ 336 62**
					4056.08	3645.97	⟨90.57⟩	500.68

410.11

R The basis for this tax lot has been adjusted due to a reclassification of income

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CGMI 2011 Household Realized Gain/Loss - Summary

MITCHELL W. WATTS FAMILY
FOUNDATION, INC.
ATTN: MITCHELL WATTS
PO BOX 39
CONCORD NC 28026-0039

Prepared by A Lee Morris
Ph. +1 919 877-2402

Acct. 773-122794-263

Description	Symbol/CUSIP	Quantity	Cost Basis	Net Proceeds	Gain/Loss
Short Term					
BANK OF NEW YORK MELLON	53413620	5,000.000	$5,369.15	$5,354.45	$(14.70)
CONOCOPHILLIPS	54866080	2,000.000	2,193.26	2,164.04	(29.22)
Short Term Totals:			$7,562.41	$7,518.49	$(43.92)
Long Term					
BANK OF AMERICA CORP GLOBAL	51922160	5,000.000	5,038 85	5,235.15	196.30
UNITED PARCEL SVC SR NOTES	53851670	5,000.000	5,212.05	5,571 60	359.55
DISNEY (WALT) COMPANY NOTES	53978130	5,000.000	5,028.15	5,082.05	53.90
GENERAL ELECTRIC CAPITAL CORP	54142380	5,000 000	4,935.35	5,322 85	387.50
PEPSICO INC	54951030	5,000 000	5,092.50	5,326.70	234.20
COCA COLA CO	55947680	4,000.000	4,020.44	4,301.60	281.16
ELI LILLY & CO	55950580	5,000 000	5,115.95	5,342 05	226.10
GOLDMAN SACHS GROUP INC	55998280	5,000.000	5,081.75	5,500 90	419.15
INTERDIGITAL INC	IDCC	1,000.000	38,720.00	53,704.56	14,984.56
Long Term Totals:			~~$39,525.04~~	$95,387.46	~~$2,157.86~~
2011 Short & Long Term Totals:			~~$47,087.45~~	$102,905.95	~~$2,113.94~~
			78,245.04 85,807.45		17,142.42 17,098.50

Third-party and Morgan Stanley Smith Barney research on certain companies is available to clients of the firm at no cost. Clients can access this research at www.morganstanleysmithbarney.com or contact their Financial Advisor to request a copy of this research be sent to them.

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Description	Symbol/CUSIP	Quantity	Cost Basis	Net Proceeds	Gain/Loss
Short Term					
U S TREASURY NOTES SER AK-2012	70071730	8,000.000	$8,028.48	$8,007 50	$(20.98)
U S TREASURY NOTES SER Y-2013	70071770	6,000.000	6,078.54	6,013.13	(65 41)
U S TREASURY NOTES SER F-2010	70072200	8,000.000	7,473.75	7,345.00	(128.75)
AGILENT TECHNOLOGIES INC	A	34.000	1,015.05	1,561.32	546.27
BARRICK GOLD CORP CAD	ABX	9.000	407 03	474.92	67.89
ISHARES MSCI ACWI EX US INDEX	ACWX	248.000	9,276.54	9,098.25	(178.29)
ALLERGAN INC	AGN	15.000	973.36	1,079.68	106.32
ACADIA RLTY TR	AKR	24.000	442.67	456.47	13.80
AKZO NOBEL N.V.ADR-EUR	AKZOY	13.000	777.12	879 31	102.19
AMB PROPERTY CORP	AMB	25.000	820.01	889.48	69.47
AMGEN INC	AMGN	10.000	575.45	522.91	(52.54)
AMERICAN TOWER CORP-CLASS A	AMT	27.000	1,225.96	1,424.88	198.92
AMAZON COM INC	AMZN	16.000	1,948 66	2,726.24	777.58
APACHE CORP	APA	9.000	859.72	1,100.78	241.06
ANADARKO PETROLEUM CORP	APC	12.000	490.18	966.81	476.63
ALEXANDRIA REAL EST EQUITIES	ARE	4.000	289.66	306.20	16.54
ACTIVISION BLIZZARD INC	ATVI	180.000	1,986.58	2,016.36	29.78
AVIVA PLC ADR	AV	20.000	246.72	305.19	58.47
AVALONBAY CMNTYS INC	AVB	8.000	793.88	923.03	129.15
AXA S.A.SPONS ADR	AXAHY	16.000	272.22	333.44	61.22
AMERICAN EXPRESS CO	AXP	44.000	1,903 73	1,918 46	14.73
BANK OF AMERICA CORP	BAC	160.000	2,003.67	2,251.47	247.80
BMW UNSPONSORED ADR	BAMXY	16.000	253.66	429.11	175 45
BAIDU INC SPON ADR RPTNG	BIDU	25.000	1,912.68	3,071.19	1,158.51
SPDR SER TR	BIL	4,796 000	219,946.71	219,867.56	(79.15)
BANK NEW YORK MELLON CORP	BK	4.000	127.16	120.16	(7.00)
BIOMED REALTY TRUST INC	BMR	71.000	1,263.35	1,229.69	(33.66)
THE BABCOCK & WILCOX COMPANY	BWC	30.000	664.65	1,036.81	372.16
BOSTON PROPERTIES INC	BXP	10.000	803.07	925.87	122.80
CITIGROUP INC	C	599.000	2,663.96	2,731.98	68.02

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Description	Symbol/CUSIP	Quantity	Cost Basis	Net Proceeds	Gain/Loss
CATERPILLAR INC	CAT	1.000	$78.19	$102.75	$24.56
CBL & ASSOC PPTYS INC	CBL	46.000	701.09	796.70	95.61
CARNIVAL CORP	CCL	4.000	138.49	161.43	22.94
C I G N A CORP	CI	25.000	858.65	1,092.47	233.82
CHIMERA INVESTMENT CORP	CIM	145.000	569.82	616.54	46.72
COLGATE PALMOLIVE CO	CL	13.000	987.62	1,006.18	18.56
CLIFFS NATURAL RESOURCES	CLF	2.000	98.15	197.24	99 09
COMCAST CORP CL A	CMCSA	39.000	684.02	993.77	309.75
CUMMINS INC	CMI	38.000	2,679.31	3,893.34	1,214.03
CONOCOPHILLIPS	COP	62.000	3,450.71	4,949.61	1,498.90
CAMDEN PROPERTY TRUST SBI	CPT	29.000	1,279.33	1,620.19	340.86
CREDIT AGRICOLE S A-EUR	CRARY	117.000	783.45	968.74	185.29
CRH PLC ADR-USD	CRH	15.000	234.29	333.60	99.31
SALESFORCE.COM INC	CRM	21.000	2,125.57	2,724.90	599.33
CITRIX SYSTEMS INC	CTXS	56.000	3,323.66	4,017.26	693.60
CHEVRON CORP	CVX	13.000	1,008.20	1,341.96	333.76
DAIMLER AG	DDAIF	41.000	1,999.02	2,751.45	752.43
SPDR DOW JONES INDL AVG ETF	DIA	84.000	10,388.62	9,598.49	(790.13)
WALT DISNEY CO	DIS	43.000	1,514.17	1,867.11	352.94
DIGITAL REALTY TR INC	DLR	11.000	630.79	629.24	(1.55)
DOW CHEMICAL CO	DOW	8.000	269.66	298.58	28.92
DUKE REALTY CORP	DRE	33.000	412.19	444.83	32.64
DIAMONDROCK HOSPITALITY CO	DRH	17.000	153.34	196.18	42.84
DIRECTV CL A	DTV	61.000	2,488.19	2,805.95	317.76
DEVON ENERGY CORP NEW	DVN	11.000	793.97	997.90	203.93
ISHARES MSCI EMERGING MKTS	EEM	661.000	28,650.27	27,588.50	(1,061.77)
EMC CORP-MASS	EMC	61.000	1,191.12	1,665.27	474.15
EMERSON ELECTRIC CO	EMR	71.000	3,916.06	4,226.84	310 78
REED ELSEVIER NV	ENL	31.000	752.46	815.90	63 44
ENTERPRISE PRODS PARTNERS L P	EPD	0.990	42.02	40.49	(1.53)
EQUITY RESIDENTIAL	EQR	28.000	1,262.58	1,494.36	231.78
ERICSSON L M TEL CO CL B	ERIC	92.000	971.10	1,190.64	219.54
EXPRESS SCRIPTS INC.COMMON	ESRX	7.000	378.67	392.71	14.04

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ESSEX PROPERTY TRUST INC	ESS	3.000	$288 85	$353 00	$64.15
EATON CORP	ETN	80.000	3,079.53	4,308.88	1,229.35
ISHARES MSCI CANADA INDEX	EWC	302.000	10,202.57	9,891.20	(311.37)
ISHARES MSCI SWEDEN INDEX	EWD	339.000	10,581.35	8,087.60	(2,493.75)
ISHARES MSCI SWITZERLAND	EWL	19.000	463.03	458.00	(5.03)
ISHARES MSCI SOUTH KOREA	EWY	9 000	539.06	539.24	0.18
EXTRA SPACE STORAGE INC	EXR	43.000	747.34	847.94	100.60
ISHARES INC MSCI SOUTH AFRICA	EZA	10.000	696.24	679.17	(17.07)
FORD MOTOR COMPANY	F	134.000	1,547.00	1,924 24	377.24
FIRST TRUST LARGE CAP CORE	FEX	35.000	862.05	938 47	76.42
F5 NETWORKS INC	FFIV	20.000	1,601.26	2,275.15	673.89
FLEXTRONICS INTL LTD USD	FLEX	82.000	530 62	657.08	126.46
FIRST TRUST CONSUMER	FXD	76.000	1,569.98	1,579.96	9.98
ISHARES FTSE CHINA 25 INDEX FD	FXI	15.000	692.88	677.00	(15.88)
FIRST TRUST MATERIALS	FXZ	1,171 000	28,556.81	25,770 50	(2,786.31)
GENZYME CORP	GENZ	5.000	295.16	378.19	83.03
CORNING INC	GLW	58.000	1,114.19	1,320.76	206.57
GOOGLE INC	GOOG	5.000	3,082.20	3,009 94	(72.26)
GENUINE PARTS CO	GPC	5.000	239.64	262.54	22.90
GOLDMAN SACHS GROUP INC	GS	5.000	715.70	807.71	92.01
GLOBAL X FTSE NORDIC REGION	GXF	535 000	11,315.21	8,513.04	(2,802.17)
GLOBAL X FTSE COLUMBIA 20 ETF	GXG	524.000	10,994.26	10,580.01	(414.25)
GREAT PLAINS ENERGY INC	GXP	5.000	95.95	95 91	-0.04
HYATT HOTELS CORP CL A	H	8.000	295.95	358.79	62.84
HALLIBURTON CO HOLDINGS CO	HAL	73.000	2,948.47	3,413.41	464.94
HSBC HLDG PLC SP ADR NEW	HBC	8 000	409.13	425.67	16.54
HUDSON CITY BANCORP INC	HCBK	130.000	1,545.70	1,285.96	(259.74)
HEALTH CARE REIT INC	HCN	34.000	1,555.39	1,740.51	185.12
HESS CORP	HES	5.000	269.97	421 22	151.25
HIGHWOODS PROPERTIES INC	HIW	48.000	1,469.02	1,630.04	161.02
HOME PROPERTIES INC	HME	18.000	956.18	998.62	42.44
STARWOOD HOTELS & RESORTS	HOT	11.000	631.72	647.92	16 20
HSN INC	HSNI	24.000	638.42	728.39	89 97

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HOST HOTELS & RESORTS INC	HST	92.000	$1,389.20	$1,625.80	$236.60
HERSHA HOSPITALITY TRUST CL A	HT	55.000	333.24	348.81	15.57
HERTZ GLOBAL HOLDINGS INC	HTZ	34.000	355.53	510.06	154.53
MARKET VECTORS INDONESIA INDEX	IDX	484.000	13,717.51	14,423.91	706.40
ING GROEP NV SPONS ADR	ING	27.000	294.48	333 72	39.24
INTERNATIONAL PAPER CO	IP	47.000	988.96	1,252.15	263.19
ITOCHU CORP ADR	ITOCY	50.000	858.73	1,042.47	183 74
ITAU UNIBANCO BANCO HLDG	ITUB	104.000	1,832 77	2,367 00	534.23
ISHARES RUSSELL 2000 INDEX FD	IWM	484.000	38,514.37	39,054.50	540.13
JOHNSON & JOHNSON	JNJ	3.000	191.27	182.62	(8.65)
JUNIPER NETWORKS INC	JNPR	22.000	649.34	964.73	315.39
JPMORGAN CHASE & CO	JPM	20.000	785.82	908.26	122.44
KEYCORP -NEW	KEY	71.000	574.59	656.88	82.29
KIMCO REALTY CORPORATION	KIM	187.000	3,160.87	3,390.65	229 78
KINDER MORGAN MANAGEMENT LLC	KMR	0.576	36 52	36.39	-0.13
KONICA MINOLTA HLDGS	KNCAY	20.000	385.24	375.99	(9.25)
MARKET VECTORS ETF TR COAL ETF	KOL	280.000	13,268.22	9,963.12	(3,305.10)
KILROY REALTY CORPORATION	KRC	7.000	240.02	263.19	23.17
KOHLS CORP	KSS	42.000	2,354.08	2,255.35	(98.73)
LASALLE HOTEL PPTYS SBI	LHO	29.000	709.32	784.14	74.82
LIBERTY PROPERTY TRUST-SBI	LRY	17.000	584.56	557.59	(26.97)
LYONDELLBASELL INDU CL A	LYB	61.000	1,611.40	2,417.38	805.98
MACYS INC	M	112.000	2,404.78	2,606.47	201.69
MID-AMERICA APARTMENT CMNTYS	MAA	12.000	674 27	738.10	63.83
MACERICH COMPANY	MAC	22 000	874.89	1,064.55	189.66
MARKS & SPENCER GROUP PLC	MAKSY	45.000	490.52	491.39	0.87
MARRIOTT INTL INC NEW CL A	MAR	97.000	3,315.12	3,709.21	394 09
MATTEL INC DE	MAT	30.000	698.78	760.79	62.01
MCKESSON CORPORATION	MCK	30.000	2,003.79	2,402.65	398.86
METLIFE INC	MET	11.000	442.83	496.00	53.17
MCGRAW HILL COS INC	MHP	65.000	1,830.73	2,477.75	647.02
MERCK & CO INC NEW	MRK	6.000	208.86	197.94	(10.92)
MARATHON OIL CORP	MRO	11.000	357.49	568.49	211.00

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NEXTERA ENERGY INC	NEE	10.000	$534.51	$543.90	$9.39
NEWFIELD EXPLORATION COMPANY	NFX	15.000	769.81	1,074.73	304.92
NATIONWIDE HEALTH PPTYS INC	NHP	31.000	1,136.61	1,256.71	120.10
NISOURCE INC	NI	10.000	155.20	190.00	34.80
NETAPP INC	NTAP	26.000	1,031.07	1,349.43	318.36
CORPORATE OFFICE PROPERTIES	OFC	18.000	665.53	631.24	(34.29)
OMEGA HEALTHCARE INVESTORS INC	OHI	17.000	354.86	384.19	29.33
OMNICOM GROUP INC	OMC	54.000	2,384.51	2,673.53	289.02
ORACLE CORP	ORCL	210.000	5,442.60	6,856 78	1,414.18
OCCIDENTAL PETROLEUM CORP-DEL	OXY	38.000	2,932 45	3,885.12	952.67
POWERSHARES ETF DYNAMIC	PBE	492.000	10,402.60	10,426.84	24.24
P G & E CORPORATION	PCG	7.000	301.83	318.09	16.26
PLUM CREEK TIMBER CO INC	PCL	16.000	604.95	654 22	49.27
PRECISION CASTPARTS CORP	PCP	25.000	3,257.99	3,453.18	195.19
PIEDMONT OFFICE REALTY TRUST	PDM	45.000	860.86	850.93	(9.93)
PEPSICO INC	PEP	4 000	261.25	253.36	(7 89)
PFIZER INC	PFE	141.000	2,458 45	2,769.46	311.01
PROCTER & GAMBLE CO	PG	20.000	1,282.83	1,234.61	(48.22)
PROGRESS ENERGY INC	PGN	5.000	199 72	227.89	28 17
PROLOGIS SH BEN INT	PLD	147.000	1,839.15	2,331.92	492.77
PPL CORP	PPL	15.000	381.70	381.89	0.19
PREMIER FOODS PLC UNSPON	PRRFY	136.000	491.05	565.74	74.69
PRUDENTIAL FINANCIAL INC	PRU	24.000	1,395.15	1,528.58	133.43
POWERSHARES S&P SMALLCAP	PSCH	26.000	892.38	800.88	(91 50)
POWERSHARES EXCHANGE-TRADED FD	PXI	21.000	890.02	916.58	26 56
POWERSHARES EXCHANGE-TRADED FD	PXQ	568.000	15,763.87	13,767.13	(1,996.74)
QUALCOMM INC	QCOM	72.000	3,457.25	4,178.37	721.12
POWERSHARES QQQ TR SER 1	QQQ	122.000	7,171.92	6,648.95	(522 97)
ROYAL DUTCH SHELL PLC ADR	RDSB	12.000	737.11	857.98	120.87
REGENCY CENTERS CORP	REG	20.000	793.32	866.97	73.65
REXAM PLC SPONS ADR	REXMY	8.000	218.94	237.11	18.17
REGIONS FINANCIAL CORP	RF	30.000	264.29	223.55	(40.74)
ROCHE HLDG LTD SPON ADR	RHHBY	8.000	276.48	288.39	11.91

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RAYONIER INC	RYN	21.000	$1,195.47	$1,274.25	$78.78
SCHWAB INTL SMALL-CAP EQTY ETF	SCHC	18.000	549.81	501 99	(47.82)
SEADRILL LTD	SDRL	30.000	995.22	1,116.87	121.65
PROSHARES ULTRASHORT S&P500	SDS	413.000	9,952.17	10,089.15	136.98
SHANGHAI ELEC GROUP CO	SIELY	30.000	269.61	356.99	87.38
SL GREEN REALTY CORP	SLG	13.000	886.61	949.37	62.76
SENIOR HOUSING PPTYS TR SBI	SNH	24.000	553.01	558.77	5.76
SIMON PPTY GROUP INC NEW	SPG	7.000	619.69	743.63	123.94
SILICONWARE PRECISION INDS	SPIL	100.000	575.95	688.20	112.25
SPDR S&P 500ETF TRUST	SPY	1,444.000	188,434.74	185,990.00	(2,444.74)
SEMPRA ENERGY	SRE	10.000	494.24	533.89	39.65
SOVRAN SELF STORAGE INC	SSS	19.000	736 72	729.01	(7.71)
SUNTRUST BANKS INC	STI	4.000	100.47	117.42	16.95
ST JUDE MEDICAL INC	STJ	5.000	199.23	246.20	46.97
STATOILHYDRO ASA SPONS	STO	26.000	599.85	720.09	120.24
STATE STREET CORP	STT	4.000	184.23	175.81	(8.42)
SUNCOR ENERGY INC NEW	SU	8.000	289.95	380.79	90.84
AT&T INC	T	28.000	689 65	780.17	90 52
ISHARES MSCI THAILAND INDEX	THD	12.000	811.80	786.65	(25.15)
TALISMAN ENERGY INC	TLM	30.000	522.07	743.38	221 31
TREND MICRO INC SPON ADR	TMICY	23.000	765 29	678 25	(87.04)
TAIWAN SEMICONDUCTOR MFG	TSM	30.000	312.99	371.45	58.46
TIME WARNER CABLE INC	TWC	8.000	540.85	573.60	32.75
TEXAS INSTRUMENTS INC	TXN	40.000	1,353.55	1,447.65	94.10
UDR INC	UDR	61.000	1,374 42	1,435.91	61.49
UNITEDHEALTH GROUP INC	UNH	30.000	1,085.25	1,332.93	247.68
UNION PACIFIC CORP	UNP	35.000	3,163.67	3,325.35	161.68
ULTRA PETROLEUM CORP-CAD	UPL	5.000	231.70	217 79	(13.91)
VALERO ENERGY CORP-NEW	VLO	37.000	715.67	1,062.98	347.31
VMWARE INC	VMW	38.000	3,104.11	3,240.19	136.08
VORNADO REALTY TR SBI	VNO	9.000	721.91	794 50	72.59
VANGUARD REIT ETF	VNQ	459.000	26,463.16	27,759.81	1,296 65
VODAFONE GROUP PLC SPONS	VOD	21.000	451.42	609.45	158.03

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Ph. +1 919 877-2402

Acct. 773-122831-263

Description	Symbol/CUSIP	Quantity	Cost Basis	Net Proceeds	Gain/Loss
VANGUARD MID-CAP GROWTH INDEX	VOT	66.000	$4,384.20	$4,237.19	$(147.01)
VERIZON COMMUNICATIONS	VZ	6.000	174.39	216 11	41.72
WEATHERFORD INTERNATIONAL	WFT	110.000	1,996.86	2,267.27	270 41
WASHINGTON REAL EST INV TR SBI	WRE	34.000	999.19	1,021.34	22.15
UNITED STATES STEEL CORP NEW	X	12.000	499.27	668.36	169.09
MATERIALS SELECT SECTOR SPDR	XLB	27.000	1,076.17	1,099.97	23.80
SELECT SECTOR SPDR-ENERGY	XLE	45.000	3,502.92	3,318.97	(183.95)
EXXON MOBIL CORP	XOM	9.000	615.05	765.11	150.06
XEROX CORP	XRX	100.000	1,002.77	1,045.18	42.41
ZIMMER HOLDINGS INC	ZMH	5.000	259.19	312.54	53.35
[redacted]					
Long Term					
CISCO SYSTEMS INC	53606890	5,000.000	5,000.00	5,000.00	-
FEDERAL HOME LOAN MTG CORP	59408790	5,000.000	5,123.40	5,350.00	226.60
FEDERAL HOME LN MTG CRP GLOBAL	59499460	4,000.000	4,102.32	4,212.50	110.18
FEDERAL NATL MTG ASSN SER	59731440	5,000.000	5,164.85	5,448.44	283.59
U S TREASURY NOTES SER E-2012	70006110	2,000.000	2,042.10	2,095.63	53.53
U S TREASURY NOTES SER C-2017	70069460	6,000.000	6,217.20	6,581.25	364.05
AGILENT TECHNOLOGIES INC	A	54.000	1,566.26	2,479.79	913.53
APPLE INC	AAPL	30.000	4,332.62	10,778.10	6,445.48
BARRICK GOLD CORP CAD	ABX	3.000	127.32	158.30	30.98
ACE LIMITED	ACE	22.000	1,287.36	1,369.91	82.55
ANALOG DEVICES INC	ADI	57.000	1,527 13	2,315.29	788.16
ARCHER-DANIELS-MIDLAND CO	ADM	34.000	1,043.08	1,257.34	214.26
AMEREN CORP	AEE	20.000	890.20	554.38	(335.82)
ALLERGAN INC	AGN	23.000	1,352.96	1,655.50	302.54
ADECCO SA-CHF	AHEXY	38.000	794.74	1,317.05	522.31
ACADIA RLTY TR	AKR	25.000	356.29	475.49	119.20
AKZO NOBEL N.V.ADR-EUR	AKZOY	10 000	567 83	676.38	108.55
ALLSTATE CORP	ALL	100.000	2,179.75	3,160.00	980.25
AMGEN INC	AMGN	19.000	990.51	993.53	3.02
AMERICAN TOWER CORP-CLASS A	AMT	58.000	2,155.11	3,060.84	905.73
AMAZON COM INC	AMZN	9.000	1,093 38	1,533.51	440.13

MorganStanley SmithBarney

CGMI 2011 Household Realized Gain/Loss - Summary

MITCHELL W. WATTS FAMILY FNDTN
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Description	Symbol/CUSIP	Quantity	Cost Basis	Net Proceeds	Gain/Loss
AON CORP	AON	19.000	$812.28	$977.03	$164.75
ALEXANDRIA REAL EST EQUITIES	ARE	19.000	903.64	1,454.41	550 77
AVIVA PLC ADR	AV	68.000	1,007.65	1,037.66	30.01
AVALONBAY CMNTYS INC	AVB	7.000	416.34	807 63	391.29
AXA S.A.SPONS ADR	AXAHY	48.000	1,337.47	1,000 29	(337.18)
AMERICAN EXPRESS CO	AXP	33.000	1,120.24	1,438.84	318.60
BAE SYSTEMS PLC SPON ADR	BAESY	42.000	1,564.50	881.56	(682.94)
BMW UNSPONSORED ADR	BAMXY	15.000	227.57	402.29	174.72
BRANDYWINE REALTY TR SBI-NEW	BDN	82.000	911.28	989.72	78.44
BANK NEW YORK MELLON CORP	BK	24 000	814.91	721.01	(93.90)
BRAMBLES LTD-AUD	BMBLY	36.000	265.24	517 67	252.43
BP PLC SPONS ADR	BP	27 000	1,712.07	1,305 42	(406.65)
BROADRIDGE FINANCIAL SOLUTIONS	BR	86.000	1,901.74	1,974 54	72.80
BRITISH SKY BROADCASTING	BSYBY	12.000	509.46	638.74	129.28
THE BABCOCK & WILCOX COMPANY	BWC	35.000	996.97	1,209.61	212.64
BOSTON PROPERTIES INC	BXP	16.000	1,007.82	1,481.42	473.60
CELESIO AG	CAKFY	95.000	623.03	486.39	(136.64)
CATERPILLAR INC	CAT	21.000	1,004.40	2,157.96	1,153.56
CHUBB CORP	CB	35.000	1,582.96	2,075.11	492.15
CARNIVAL CORP	CCL	23.000	523.13	928.26	405.13
CHINA TELECOM CORP LTD	CHA	35.000	1,792.51	2,083.85	291 34
CHEUNG KONG HOLDING-ADR	CHEUY	100 000	1,645.00	1,596.96	(48.04)
CHECK POINT SOFTWARE TECH	CHKP	38.000	797 03	1,888.05	1,091.02
CHINA MOBILE LTD	CHL	9.000	440.89	430.55	(10.34)
CHIMERA INVESTMENT CORP	CIM	365.000	1,213.74	1,551.98	338.24
CLIFFS NATURAL RESOURCES	CLF	12.000	508.76	1,183.41	674.65
COLONIAL PPTYS TRUST SBI	CLP	62.000	1,470.06	1,181.32	(288.74)
CLOROX COMPANY DE	CLX	30.000	1,817.43	2,048.06	230.63
COMCAST CORP CL A	CMCSA	43.000	696.58	1,095.70	399.12
CANADIAN NATL RAILWAY CO	CNI	9.000	377.06	662.69	285 63
ROCKWELL COLLINS INC	COL	20.000	943.59	1,279.97	336.38
COVIDIEN PLC DUBLIN-USD	COV	70.000	3,029.38	3,691.17	661.79
CAMDEN PROPERTY TRUST SBI	CPT	30.000	1,151.38	1,676.07	524.69

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CRH PLC ADR-USD	CRH	23.000	$548 39	$511.50	$(36 89)
CABLEVISION SYSTEMS CORP	CVC	68.000	1,231.66	2,466.56	1,234.90
CHEVRON CORP	CVX	30.000	2,257.80	3,096.88	839.08
DELTA AIR LINES INC	DAL	87.000	960.33	860.58	(99.75)
DBS GROUP HLDG LTD SP ADR	DBSDY	46.000	1,738 78	2,052.02	313.24
WALT DISNEY CO	DIS	76.000	2,308.08	3,300.01	991.93
DIGITAL REALTY TR INC	DLR	44.000	1,705.00	2,517.05	812.05
DOW CHEMICAL CO	DOW	48.000	1,071.90	1,791.51	719.61
DEUTSCHE POST	DPSGY	66.000	720.15	1,177.41	457.26
DIAMONDROCK HOSPITALITY CO	DRH	68 000	584.72	784.70	199.98
DREAMWORKS ANIMATION INC CL A	DWA	36.000	833 59	969.46	135 87
ENI SPA SPONSORED ADR	E	23.000	1,463.95	1,130.93	(333.02)
CONSOLIDATED EDISON INC	ED	33.000	1,340.51	1,635.44	294.93
EMC CORP-MASS	EMC	88.000	1,491.17	2,402.35	911.18
EMERSON ELECTRIC CO	EMR	10.000	366.23	595.33	229.10
ENDURANCE SPECIALTY	ENH	49.000	1,807.20	2,392.62	585.42
REED ELSEVIER NV	ENL	23.000	812.99	605.35	(207.64)
E.ON AG SPONS ADR	EONGY	50.000	3,100.00	1,611.96	(1,488 04)
EL PASO CORP	EP	80.000	1,092.77	1,461 87	369.10
EQUITY RESIDENTIAL	EQR	18.000	505.84	960.66	454.82
ERICSSON L M TEL CO CL B	ERIC	72.000	733.64	931.80	198.16
EMBRAER S A-BRL	ERJ	14.000	574.75	467.31	(107.44)
EXPRESS SCRIPTS INC.COMMON	ESRX	48.000	2,080.24	2,692.85	612.61
ESSEX PROPERTY TRUST INC	ESS	19.000	1,373.79	2,235.69	861.90
EATON CORP	ETN	48.000	1,861.07	2,585 34	724.27
ENTERGY CORPORATION-NEW	ETR	15.000	1,420.48	1,081.62	(338.86)
FORD MOTOR COMPANY	F	265.000	2,086.31	3,805.40	1,719.09
FRANCE TELECOM SA SPON ADR	FTE	53.000	1,791.49	1,161.93	(629.56)
FUJIFILM HLDGS CORP-JPY	FUJIY	21.000	808.63	714.19	(94.44)
GDF SUEZ-EUR	GDFZY	26.000	1,703.30	1,008.78	(694.52)
GENERAL ELECTRIC CO	GE	44.000	1,170.15	896.27	(273.88)
GENZYME CORP	GENZ	34.000	2,504.27	2,571.71	67.44
G4S PLC UNSPON ADR	GFSZY	53.000	794.83	1,152 19	357.36

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SPDR GOLD TR GOLD SHS	GLD	28.000	$2,513 20	$3,900 38	$1,387.18
GENUINE PARTS CO	GPC	25.000	1,016.25	1,312.72	296.47
GOLDMAN SACHS GROUP INC	GS	11.000	937.08	1,777 01	839.93
GLAXOSMITHKLINE PLC SP ADR	GSK	33.000	1,550.34	1,266.25	(284 09)
GREAT PLAINS ENERGY INC	GXP	75.000	1,832.48	1,438.62	(393.86)
HYATT HOTELS CORP CL A	H	17.000	505.34	762.43	257.09
HALLIBURTON CO HOLDINGS CO	HAL	31.000	683.71	1,449.53	765.82
HASBRO INC	HAS	47.000	1,128.58	2,178.87	1,050.29
HSBC HLDG PLC SP ADR NEW	HBC	6.000	455.46	319.25	(136.21)
HEALTH CARE REIT INC	HCN	74.000	3,192.47	3,788.14	595.67
HCP INC	HCP	46.000	1,444.38	1,695.18	250.80
HESS CORP	HES	10.000	601.76	842.43	240.67
H J HEINZ CO	HNZ	40.000	1,704.37	1,961.32	256.95
HSN INC	HSNI	36.000	646.00	1,092.57	446.57
HOST HOTELS & RESORTS INC	HST	148.000	1,387.35	2,615.39	1,228.04
HUTCHISON	HTHKY	96.000	156.12	524.14	368.02
HERTZ GLOBAL HOLDINGS INC	HTZ	142 000	765 51	2,130.23	1,364.72
HUTCHISON WHAMPOA LTD-ADR	HUWHY	18.000	753.79	1,045.77	291.98
ICICI BANK LTD-SPONS ADR-	IBN	35.000	1,368.61	1,580.36	211.75
INT CONS AIRLS GPR	ICAGY	34.000	434.26	622.18	187.92
ING GROEP NV SPONS ADR	ING	116.000	2,347.12	1,433.72	(913.40)
INTEL CORP	INTC	35.000	551.03	752.97	201.94
INTESA SANPAOLO S P A	ISNPY	27.000	1,107.00	537.55	(569 45)
IVANHOE MINES LIMITED-CAD	IVN	57.000	527.72	1,621.61	1,093.89
JOHNSON & JOHNSON	JNJ	14.000	850.12	852.22	2.10
JUNIPER NETWORKS INC	JNPR	69.000	1,773.04	3,025.72	1,252.68
JPMORGAN CHASE & CO	JPM	94.000	3,777.56	4,268.84	491.28
KB FINANCIAL GROUP INC ADR	KB	28.000	1,730.45	1,432.73	(297.72)
KEYCORP -NEW	KEY	77.000	495.27	712.39	217.12
KINGFISHER PLC	KGFHY	213.000	1,218.69	1,674.14	455 45
KONICA MINOLTA HLDGS	KNCAY	20.000	445.12	375.99	(69.13)
KROGER CO	KR	62.000	1,391.83	1,470.22	78.39
KILROY REALTY CORPORATION	KRC	10.000	282.01	375.99	93.98

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LIBERTY PROPERTY TRUST-SBI	LRY	42.000	$1,114.44	$1,377.57	$263.13
LONZA GROUP AG UNSPON ADR	LZAGY	79.000	836.09	653.31	(182.78)
MACERICH COMPANY	MAC	38.000	737.98	1,838.79	1,100.81
MARKS & SPENCER GROUP PLC	MAKSY	24 000	295.64	262.07	(33.57)
MARRIOTT INTL INC NEW CL A	MAR	36.000	609.09	1,376.61	767.52
MATTEL INC DE	MAT	52.000	984.36	1,318.69	334.33
METLIFE INC	MET	8.000	237.94	360.73	122.79
MFA FINANCIAL INC	MFA	235 000	1,824.12	2,012.08	187.96
MICHELIN CGDE UNSPON ADR	MGDDY	70.000	811.16	1,117.87	306.71
MILLICOM INTL CELLULAR	MICC	20.000	1,999.60	1,789.56	(210.04)
MERCK KGAA ADR	MKGAY	50.000	1,833.13	1,520.97	(312.16)
MOSAIC COMPANY	MOS	17.000	980.79	1,448.54	467.75
MERCK & CO INC NEW	MRK	20.000	594.15	659.78	65.63
MARATHON OIL CORP	MRO	25.000	819.92	1,292.03	472 11
MORGAN STANLEY	MS	50.000	1,188.43	1,416.57	228.14
M & T BK CORP	MTB	10.000	458.13	879.14	421.01
MITSUBISHI UFJ FINANCIAL	MTU	55.000	288.09	298.09	10 00
MUNICH RE GROUP UNSPON ADR	MURGY	67.000	821.17	1,111.50	290.33
NATIONAL AUSTRALIA BK LTD	NABZY	18 000	514 85	460.97	(53.88)
NEWFIELD EXPLORATION COMPANY	NFX	23.000	1,162.76	1,647.91	485.15
NATIONAL GRID PLC	NGG	6.000	350.38	282.89	(67 49)
NATIONWIDE HEALTH PPTYS INC	NHP	9 000	284.61	364.85	80.24
NISOURCE INC	NI	83.000	1,489.85	1,576.96	87.11
ANNALY CAPITAL MANAGEMENT INC	NLY	173.000	2,971.89	3,090.07	118.18
NORDEA BANK SWEDEN AB	NRBAY	45.000	-	490.94	-
NESTLE S A SPONSORED ADR	NSRGY	22.000	959 20	1,229.11	269.91
NETAPP INC	NTAP	19.000	616.04	986.12	370.08
NINTENDO CO LTD ADR NEW	NTDOY	38.000	2,000.24	1,329.97	(670.27)
NOVARTIS AG ADR	NVS	23.000	1,155.75	1,308.67	152.92
NEW YORK COMMUNITY BANCORP	NYB	130.000	1,630.31	2,319.44	689.13
GAZPROM OAO SPONS ADR	OGZPY	21.000	1,120.92	635 86	(485.06)
OMNICOM GROUP INC	OMC	10.000	342.37	495.10	152 73
OLD REPUBLIC INTERNATIONAL	ORI	67.000	900.25	807.33	(92.92)

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PETROLEO BRASILEIRO SA ADR	PBRA	35.000	$1,106.47	$1,258.22	$151.75
P G & E CORPORATION	PCG	6.000	257.77	272.64	14.87
PRICELINE.COM INC (NEW)	PCLN	8.000	1,375.93	3,733.60	2,357.67
PIEDMONT OFFICE REALTY TRUST	PDM	4.000	66 40	75.64	9 24
PEPSICO INC	PEP	12.000	720.05	760.10	40.05
PROGRESS ENERGY INC	PGN	61.000	2,651.79	2,780.33	128.54
KONINKLIJKE PHILIPS	PHG	31.000	1,163.74	1,025.77	(137.97)
PROLOGIS SH BEN INT	PLD	82.000	1,024.38	1,300.80	276.42
PNC FINANCIAL SERVICES GROUP	PNC	21.000	1,327.25	1,280.60	(46.65)
PREMIER FOODS PLC UNSPON	PRRFY	84.000	340.63	349.44	8.81
PEARSON PLC SPONSORED ADR	PSO	57 000	580.51	1,009.45	428.94
PORTUGAL TELECOM SPON ADR	PT	21.000	265.02	240.23	(24.79)
ROYAL DUTCH SHELL PLC ADR	RDSB	17.000	1,202.92	1,215.48	12.56
REGENCY CENTERS CORP	REG	51.000	1,723.36	2,210.82	487.46
REPSOL S A SPONSORED ADR	REP	22.000	675.62	734.34	58.72
REXAM PLC SPONS ADR	REXMY	12.000	506.88	355.67	(151.21)
REGIONS FINANCIAL CORP	RF	72.000	446.68	536.53	89.85
ROCHE HLDG LTD SPON ADR	RHHBY	30.000	1,033.58	1,081.48	47.90
RETAIL OPPORTUNITY INVESTMENTS	ROIC	48.000	501.88	520.79	18.91
RANGE RESOURCES CORP	RRC	25.000	1,763.74	1,246.22	(517.52)
ROLLS ROYCE GROUP PLC	RYCEY	18.000	811.21	880 90	69.69
SAP AG SPONS ADR-USD	SAP	43.000	1,975.20	2,638.51	663.31
SBM OFFSHORE NV-EUR	SBFFY	38.000	497.02	1,030.54	533.52
SCANA CORP NEW	SCG	35.000	1,142.31	1,406.27	263.96
SINGAPORE TELECOMMUNICATIO	SGAPY	76.000	1,983.60	1,748.72	(234.88)
SAGE GROUP PLC UNCPON ADR	SGPYY	33.000	493.14	594.97	101.83
SIEMENS A G SPONS ADR	SI	17.000	2,089 13	2,257.04	167.91
SHANGHAI ELEC GROUP CO	SIELY	42.000	241.73	499.79	258.06
SCHLUMBERGER LTD	SLB	32.000	2,070.62	2,908.87	838.25
SL GREEN REALTY CORP	SLG	14.000	585.00	1,022.40	437.40
SONY CORP SPON ADR-NEW	SNE	15.000	700.95	538.33	(162.62)
SENIOR HOUSING PPTYS TR SBI	SNH	78.000	1,477.97	1,815.96	337.99
SANOFI-AVENTIS	SNY	61.000	2,426.28	2,167.51	(258.77)

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SIMON PPTY GROUP INC NEW	SPG	76.000	$4,929.86	$8,073.90	$3,144 04
SEMPRA ENERGY	SRE	27.000	1,470.69	1,441.50	(29.19)
SUNTRUST BANKS INC	STI	87.000	1,705.92	2,553.57	847.65
ST JUDE MEDICAL INC	STJ	42.000	1,682.81	2,068.03	385.22
STATOILHYDRO ASA SPONS	STO	39.000	826 67	1,080.14	253.47
STATE STREET CORP	STT	20.000	775.60	878.96	103.36
SUNCOR ENERGY INC NEW	SU	16.000	549.72	761.58	211.86
SWISS REINSURANCE SPON ADR	SWCEY	19.000	1,391.75	1,130.66	(261.09)
SWIRE PACIFIC LTD SP ADR	SWRAY	45.000	605.25	650.23	44.98
SUEZ ENVIRONNEMENT CO S	SZEVY	43.000	352 34	448.05	95.71
AT&T INC	T	35 000	1,319.85	975.22	(344.63)
TELEPHONE & DATA SYS INC	TDSS	50.000	2,261.82	1,404.47	(857.35)
TELEFONICA S.A. SPON ADR	TEF	72.000	1,938.44	1,820.26	(118.18)
TELENOR ASA	TELNY	35.000	2,166.50	1,722.66	(443.84)
TEVA PHARMACEUTICAL INDS	TEVA	18.000	803.12	903.04	99.92
TARGET CORP	TGT	30.000	1,012.12	1,547.49	535.37
TELEKOM AUSTRIA AG	TKAGY	29.000	1,590.36	809.08	(781.28)
TURKCELL ILETISM HIZMET	TKC	41.000	935.21	570.70	(364.51)
TALISMAN ENERGY INC	TLM	13.000	182.72	322.13	139.41
TOYOTA MOTOR CORP ADR NEW	TM	17.000	1,722.04	1,540.17	(181.87)
TOTAL S.A SPONS ADR	TOT	33.000	2,405.04	2,028.21	(376.83)
TESCO PLC SPONSORED ADR	TSCDY	46 000	945.16	912.62	(32 54)
TAIWAN SEMICONDUCTOR MFG	TSM	158.000	1,389.21	1,956.32	567.11
TIME WARNER CABLE INC	TWC	37.000	2,370.61	2,652.83	282.22
UNILEVER NV NY SHS-NEW	UN	53.000	1,694.41	1,616.57	(77.84)
UNITEDHEALTH GROUP INC	UNH	114.000	3,304.96	5,065.15	1,760.19
ULTRA PETROLEUM CORP-CAD	UPL	23 000	1,514.09	1,001.86	(512.23)
VALE SA SPON ADR	VALEP	46.000	648.82	1,377.80	728.98
VINCI S.A. ADR	VCISY	66.000	1,054.26	997.24	(57.02)
VORNADO REALTY TR SBI	VNO	34.000	1,721.04	3,001.46	1,280.42
VODAFONE GROUP PLC SPONS	VOD	62.000	1,884.38	1,799.33	(85.05)
VENTAS INC	VTR	6.000	256.99	316.19	59.20
VERIZON COMMUNICATIONS	VZ	26.000	723.28	936.50	213.22

MorganStanley
SmithBarney

CGMI 2011 Household Realized Gain/Loss - Summary

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Description	Symbol/CUSIP	Quantity	Cost Basis	Net Proceeds	Gain/Loss
WELLS FARGO & CO NEW	WFC	155.000	$4,226.74	$4,937 27	$710.53
WOLSELEY PLC	WOSYY	166.000	295.18	572 68	277.50
UNITED STATES STEEL CORP NEW	X	8.000	364.21	445.57	81.36
XCEL ENERGY INC	XEL	73.000	1,483.36	1,734.44	251.08
EXXON MOBIL CORP	XOM	33.000	2,263 45	2,805.41	541.96
XEROX CORP	XRX	113.000	953.41	1,181.05	227 64
ZIONS BANCORP	ZION	59.000	834.51	1,328.66	494 15
ZIMMER HOLDINGS INC	ZMH	10.000	765.95	625.09	(140.86)

[redacted]

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