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 , **and ending**

Name of foundation
KATES FOUNDATION, INC.

A Employer identification number
65-0401513

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

B Telephone number
(941)388-9194

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

C If exemption application is pending, check here ▶ ☐

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

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

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 1,586,120.

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

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

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		Part I **Analysis of Revenue and Expenses** (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))	**(a)** Revenue and expenses per books	**(b)** Net investment income	**(c)** Adjusted net income	**(d)** Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received			N/A	
	2	Check ▶ ☒ if the foundation is not required to attach Sch B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	39,805.	39,805.		STATEMENT 1
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	-141,870.			
	b	Gross sales price for all assets on line 6a 617,684.				
	7	Capital gain net income (from Part IV, line 2)		0.		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss)				
	11	Other income	-8,916.	-8,916.		STATEMENT 2
	12	**Total.** Add lines 1 through 11	-110,981.	30,889.		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc	15,000.	0.		15,000.
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits	15,225.	0.		15,225.
	16a	Legal fees				
	b	Accounting fees STMT 3	2,245.	0.		2,245.
	c	Other professional fees				
	17	Interest	123.	123.		0.
	18	Taxes STMT 4	299.	299.		0.
	19	Depreciation and depletion	377.	0.		
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses STMT 5	762.	49.		713.
	24	**Total operating and administrative expenses.** Add lines 13 through 23	34,031.	471.		33,183.
	25	Contributions, gifts, grants paid	27,760.			27,760.
	26	**Total expenses and disbursements** Add lines 24 and 25	61,791.	471.		60,943.
	27	Subtract line 26 from line 12:				
	a	Excess of revenue over expenses and disbursements	-172,772.			
	b	**Net investment income** (if negative, enter -0-)		30,418.		
	c	**Adjusted net income** (if negative, enter -0-)			N/A	

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12-02-11 LHA **For Paperwork Reduction Act Notice, see instructions.**

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		Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing			
	2	Savings and temporary cash investments	94.	35,760.	35,760.
	3	Accounts receivable ▶			
		Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons			
	7	Other notes and loans receivable ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock STMT 6	1,506,930.	1,484,876.	1,238,154.
	c	Investments - corporate bonds STMT 7	242,400.	142,397.	150,034.
	11	Investments - land, buildings, and equipment basis ▶			
		Less accumulated depreciation ▶			
	12	Investments - mortgage loans			
	13	Investments - other STMT 8	374,324.	261,648.	156,408.
	14	Land, buildings, and equipment: basis ▶ 2,195.			
		Less accumulated depreciation STMT 9 ▶ 1,160.	1,412.	1,035.	1,035.
	15	Other assets (describe ▶ STATEMENT 10)	0.	4,729.	4,729.
	16	**Total assets** (to be completed by all filers)	2,125,160.	1,930,445.	1,586,120.
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable			
	22	Other liabilities (describe ▶)	22,243.	300.	
	23	**Total liabilities** (add lines 17 through 22)	22,243.	300.	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here** ▶ ☐ **and complete lines 24 through 26 and lines 30 and 31**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☒ **and complete lines 27 through 31.**			
	27	Capital stock, trust principal, or current funds	0.	0.	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29	Retained earnings, accumulated income, endowment, or other funds	2,102,917.	1,930,145.	
	30	**Total net assets or fund balances**	2,102,917.	1,930,145.	
	31	**Total liabilities and net assets/fund balances**	2,125,160.	1,930,445.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,102,917.
2	Enter amount from Part I, line 27a	2	-172,772.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,930,145.
5	Decreases not included in line 2 (itemize) ▶	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	1,930,145.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)	(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a	SEE ATTACHED	P	01/18/11	10/26/11
b	SEE ATTACHED	P	06/15/11	06/15/11
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	27,831.		27,999.	-168.
b	589,853.		731,555.	-141,702.
c				
d				
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
	(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
a				-168.
b				-141,702.
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 -141,870.

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

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

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

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

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

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

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2010	144,513.	1,578,157.	.091571
2009	84,185.	2,887,795.	.029152
2008	133,863.	1,753,749.	.076330
2007	124,175.	2,286,110.	.054317
2006	112,663.	2,233,865.	.050434

2	**Total** of line 1, column (d)	2	.301804
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	.060361
4	Enter the net value of noncharitable-use assets for 2011 from Part X, line 5	4	1,532,693.
5	Multiply line 4 by line 3	5	92,515.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	304.
7	Add lines 5 and 6	7	92,819.
8	Enter qualifying distributions from Part XII, line 4	8	60,943.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)

1a Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ____ (attach copy of letter if necessary-see instructions) b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).			1	608.
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	608.
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	608.
6 Credits/Payments:				
a 2011 estimated tax payments and 2010 overpayment credited to 2011	6a	518.		
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	518.
8 Enter any **penalty** for underpayment of estimated tax. Check here ☒ if Form 2220 is attached			8	
9 **Tax due** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	90.
10 **Overpayment** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	
11 Enter the amount of line 10 to be: **Credited to 2012 estimated tax** ▶		**Refunded** ▶	11	

Part VII-A Statements Regarding Activities

		Yes	No
1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		X
b Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see instructions for definition)?	1b		X
If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.			
c Did the foundation file **Form 1120-POL** for this year?	1c		X
d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ▶ $ 0. (2) On foundation managers. ▶ $ 0.			
e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ 0.			
2 Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		X
3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		X
4a Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		X
b If "Yes," has it filed a tax return on **Form 990-T** for this year? N/A	4b		
5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		X
6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	X	
7 Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	X	
8a Enter the states to which the foundation reports or with which it is registered (see instructions) ▶ FL			
b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	X	
9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 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 ▶ LISA KATES Telephone no. ▶ (941) 366-1819

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

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** - Check here ▶ ☐

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

			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		X
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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 ▶ ________ , ________ , ________ , ________			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement - see instructions.) N/A	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ ________ , ________ , ________ , ________			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If "Yes," did it have excess business holdings in 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.)* N/A	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2011?	4b		X

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

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

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

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

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

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

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

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? N/A 5b

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

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

If "Yes," attach the statement required by Regulations section 53 4945-5(d).

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

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

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

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

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

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

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

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
MENA LISA KATES P.O. BOX 4153 SARASOTA, FL 34230	PRESIDENT/TREASURER 10.00	15,000.	14,078.	0.
CHERRIE MCDONOUGH P.O. BOX 4153 SARASOTA, FL 34230	VICE-PRESIDENT 2.00	0.	0.	0.
PATTI WERTHEMIER P.O. BOX 4153 SARASOTA, FL 34230	SECRETARY 2.00	0.	0.	0.

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

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

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

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

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

(a) Name and address of each person paid more than $50,000	**(b)** Type of service	**(c)** Compensation
NONE		

Total number of others receiving over $50,000 for professional services ▶ 0

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

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

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

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

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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	1,553,080.
b	Average of monthly cash balances		1b	2,954.
c	Fair market value of all other assets		1c	
d	**Total** (add lines 1a, b, and c)		1d	1,556,034.
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	1,556,034.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)		4	23,341.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	1,532,693.
6	**Minimum investment return.** Enter 5% of line 5		6	76,635.

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	76,635.
2a	Tax on investment income for 2011 from Part VI, line 5	2a 608.		
b	Income tax for 2011. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	608.
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	76,027.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	76,027.
6	Deduction from distributable amount (see instructions)		6	0.
7	**Distributable amount** as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1		7	76,027.

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	60,943.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	**Qualifying distributions** Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	4	60,943.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b	5	0.
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	60,943.

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				76,027.
2 Undistributed income, if any, as of the end of 2011				
a Enter amount for 2010 only			23,931.	
b Total for prior years: ______ , ______ , ______		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: ▶ $ 60,943.				
a Applied to 2010, but not more than line 2a			23,931.	
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				37,012.
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 instr.			0.	
f Undistributed income for 2011. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2012				39,015.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3)	0.			
8 Excess distributions carryover from 2006 not applied on line 5 or line 7	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
2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon: a "Assets" alternative test - enter: (1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter: (1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 **Information Regarding Foundation Managers:**

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000). (See section 507(d)(2).)

NONE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

NONE

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

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

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

SEE STATEMENT 11

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

c Any submission deadlines:

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

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
COMMUNITY HAVEN ADULT CENTER 4405 DESOTO RD SARASOTA, FL 34235	NONE	509(A)(1)	GENERAL	10,000.
INSTRIDE THERAPY 1629 RANCH ROAD NOKOMIS, FL 34274	NONE	509(A)(1)	GENERAL	7,260.
SARASOTA-MANATEE JEWISH FEDERATION 582 MCINTOSH RD SARASOTA, FL 34232	NONE	509(A)(2)	GENERAL	5,000.
FLORIDA VISION QUEST 167 NORTH INDUSTRIAL DRIVE ORANGE CITY, FL 32763	NONE	509(A)(1)	GENERAL	5,000.
JEWISH HOUSING COUNCIL FOUNDATION 1951 NORTH HONORE AVE SARASOTA, FL 34235	NONE	509(A)(3) TYPE I	GENERAL	500.
Total			▶ 3a	27,760.
b *Approved for future payment* NONE				
Total			▶ 3b	0.

Form **990-PF** (2011)

123611 12-02-11

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue:					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities			14	39,805.	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	-8,916.	
8 Gain or (loss) from sales of assets other than inventory			18	-141,870.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		-110,981.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 -110,981.

(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).

123621
12-02-11

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

▶ Signature of officer or trustee | Date | ▶ Title

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self- employed	PTIN
CHARLES R. BAUMANN		4/2/12		P00106703

Firm's name ▶ KERKERING, BARBERIO & CO.

Firm's EIN ▶ 59-1753337

Firm's address ▶ P.O. BOX 49348
SARASOTA, FL 34230-6348

Phone no. 941-365-4617

2011 DEPRECIATION AND AMORTIZATION REPORT

FORM 990-PF PAGE 1

990-PF

Asset No	Description	Date Acquired	Method	Life	Conv	Line No	Unadjusted Cost Or Basis	Bus % Excl	Section 179 Expense	* Reduction In Basis	Basis For Depreciation	Beginning Accumulated Depreciation	Current Sec 179 Expense	Current Year Deduction	Ending Accumulated Depreciation
1	PRINTER	07/27/05	SL	5.00		16	174.				174.	174.		0.	174.
2	ANSWERING MACHINE	07/29/05	SL	7.00		16	182.				182.	141.		26.	167.
3	FAX MACHINE	08/08/05	SL	7.00		16	305.				305.	238.		44.	282.
4	IMAC	03/31/10	SL	5.00		16	1,534.				1,534.	230.		307.	537.
	* TOTAL 990-PF PG 1 DEPR						2,195.				2,195.	783.		377.	1,160.

128111
05-01-11

(D) - Asset disposed

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

FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 1

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
CITIGROUP-SMITH BARNEY	39,708.	0.	39,708.
ENERGY TRANSFER PARTNERS LP	63.	0.	63.
ENERGY TRANSFER PARTNERS LP	33.	0.	33.
POWER SHARES DB AGRICULTURE FUND K-1	1.	0.	1.
TOTAL TO FM 990-PF, PART I, LN 4	39,805.	0.	39,805.

FORM 990-PF OTHER INCOME STATEMENT 2

DESCRIPTION	(A) REVENUE PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME
ENERGY TRANSFER PARTNERS LP	-7,218.	-7,218.	
POWER SHARES DB AGRICULTURE FUND	-1,784.	-1,784.	
MISCELLANEOUS INCOME	86.	86.	
TOTAL TO FORM 990-PF, PART I, LINE 11	-8,916.	-8,916.	

FORM 990-PF ACCOUNTING FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST-MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	2,245.	0.		2,245.
TO FORM 990-PF, PG 1, LN 16B	2,245.	0.		2,245.

FORM 990-PF TAXES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FOREIGN TAX	299.	299.		0.
TO FORM 990-PF, PG 1, LN 18	299.	299.		0.

FORM 990-PF OTHER EXPENSES STATEMENT 5

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TELEPHONE	430.	0.		430.
OFFICE	80.	0.		80.
ANNUAL REPORT	61.	0.		61.
ADMINISTRATIVE FEES	49.	49.		0.
WEBSITE	142.	0.		142.
TO FORM 990-PF, PG 1, LN 23	762.	49.		713.

FORM 990-PF CORPORATE STOCK STATEMENT 6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
COMMON STOCK (SEE ATTACHED)	1,348,258.	1,176,239.
PREFERRED STOCK (SEE ATTACHED)	136,618.	61,915.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,484,876.	1,238,154.

FORM 990-PF CORPORATE BONDS STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS (SEE ATTACHED)	142,397.	150,034.
TOTAL TO FORM 990-PF, PART II, LINE 10C	142,397.	150,034.

FORM 990-PF OTHER INVESTMENTS STATEMENT 8

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS (SEE ATTACHED)	COST	261,648.	156,408.
TOTAL TO FORM 990-PF, PART II, LINE 13		261,648.	156,408.

FORM 990-PF DEPRECIATION OF ASSETS NOT HELD FOR INVESTMENT STATEMENT 9

DESCRIPTION	COST OR OTHER BASIS	ACCUMULATED DEPRECIATION	BOOK VALUE
PRINTER	174.	174.	0.
ANSWERING MACHINE	182.	167.	15.
FAX MACHINE	305.	282.	23.
IMAC	1,534.	537.	997.
TOTAL TO FM 990-PF, PART II, LN 14	2,195.	1,160.	1,035.

FORM 990-PF OTHER ASSETS STATEMENT 10

DESCRIPTION	BEGINNING OF YR BOOK VALUE	END OF YEAR BOOK VALUE	FAIR MARKET VALUE
DUE FROM INTERNAL REVENUE SERVICE	0.	4,729.	4,729.
TO FORM 990-PF, PART II, LINE 15	0.	4,729.	4,729.

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

NAME AND ADDRESS OF PERSON TO WHOM APPLICATIONS SHOULD BE SUBMITTED

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

TELEPHONE NUMBER

(941) 388-9194

FORM AND CONTENT OF APPLICATIONS

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

ANY SUBMISSION DEADLINES

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

RESTRICTIONS AND LIMITATIONS ON AWARDS

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

KATES FOUNDATION, INC.
65-0401513

Reserved Client
Financial Management Account
December 1 - December 31, 2011

KATES FOUNDATION INC. ***Account number 86D-02403-16 054***

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)
35,024.19	MORGAN STANLEY AA MONEY TRUST	$ 35,024.19		.01 %	$ 3.50
Total money fund		$ 35,024.19	$ 0.00		$ 3.50

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)
3,000	ALCOA INC **Rating:** Citigroup : 2 Morgan Stanley : 1 S&P : 1	AA	05/25/11	$ 49,654.79	$ 16.256	$ 8.65	$ 25,950.00	($ 23,704.79) ST	1.387 %	$ 360.00
488	ALCATEL-LUCENT ADR **Rating:** Citigroup : 3 Morgan Stanley : 3 S&P : 2	ALU	01/07/00	133,188.01 <30274.38>	272.926	1.56	761.28	(132,426.73)*LT		
2,500	BANK OF AMERICA CORP **Rating:** Citigroup : 1 Morgan Stanley : 2 S&P : 2	BAC	07/26/10	36,074.23	14.128	5 56	13,900.00	(22,174.23) LT	.719	100.00
4,000	BRISTOL MYERS SQUIBB CO **Rating:** Citigroup : 1 Morgan Stanley : 1 S&P : 1	BMY	09/08/93	56,630.00 +.84	14.157	35.24	140,960.00	84,330.00# LT	3.859	5,440.00

Kates Foundation
65-0401513

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
750	CARDINAL HEALTH INC	CAH	10/14/99	$ 16,999 71	$ 22.666	$ 40.61	$ 30,457.50	$ 13,457.79* LT		
750	**Rating:** Citigroup : 1		10/14/99	16,867.13	22.489	40 61	30,457.50	13,590.37* LT		
1,500	Morgan Stanley : 1 S&P · 1			**33,866.84** + 60.49	**22.578**		**60,915.00**	**27,048.16**	**2.117**	**1,290.00**
2,000	CISCO SYS INC	CSCO	11/14/00	106,530.48	53.27	18.08	36,160.00	(70,370.48)*LT		
800	**Rating:** Morgan Stanley : 1		11/14/00	42,614.47	53.27	18.08	14,464.00	(28,150.47)*LT		
1,500	S&P : 2		09/25/01	19,342.32	12 89	18 08	27,120.00	7,777.68* LT		
4,300				**168,487.27**	**39.183**		**77,744.00**	**(90,743.27)**	**1.327**	**1,032.00**
100	CITIGROUP INC	C	02/21/06	46,724.90	467.249	26 31	2,631.00	(44,093.90) LT		
500			01/18/11	24,831 40	49.662	26 31	13,155.00	(11,676.40) ST		
600				**71,556.30**	**119.261**		**15,786.00**	**(55,770.30)**	**.152**	**24.00**
500	COLGATE PALMOLIVE CO **Rating:** Citigroup · 2 Morgan Stanley : 1 S&P 2	CL	10/26/11	**45,405.33**	89.063	92.39	**46,195.00**	**789.67** ST	**2.511**	**1,160.00**
1,000	ENERGY TRANSFER PARTNERS L.P UNIT L.P INT	ETP [illegible]	08/24/07 K-1	**55,445.54** <31005.54>	54.776	45.85	**45,850.00**	**(9,595 54)** LT	**7.797**	**3,575.00**
3,496	FORD MOTOR COMPANY	F	12/21/94	33,884 14	9.69	10 76	37,616 96	3,732.82* LT		
1,748	**Rating:** Citigroup : 1H		02/15/95	16,306.86	9.33	10.76	18,808.48	2,501.62* LT		
5,244	Morgan Stanley : 1 S&P : 1			**50,191.00**	**9.571**		**56,425.44**	**6,234.44**	**1.858**	**1,048.80**
2,000	GENERAL CABLE CORP	BGC	10/26/11	**54,162.52**	26.586	25 01	**50,020.00**	**(4,142.52)** ST		
2,000	GENERAL ELECTRIC CO	GE	09/25/08	48,936.18	24.098	17.91	35,820.00	(13,116.18) LT		
2,000	**Rating:** Citigroup : 1		03/13/09	20,346.06	9.928	17 91	35,820 00	15,473.94 LT		
1,000	S&P : 1		10/26/11	16,760.30	16.336	17 91	17,910 00	1,149 70 ST		
5,000				**86,042.54**	**17.209**		**89,550.00**	**3,507.46**	**3.796**	**3,400.00**
1,600	ESCROW GENERAL MOTORS (Reorg)		2/28/02	43,53 ~~Please~~ provide			Unpriced	Not available		
161	GENERAL MOTORS COMPANY	GM	02/28/02	18,328 00	113 838	20 27	3,263.47	(15,064.53)#LT		
405	**Rating** Citigroup 1H		01/14/05	46,738.69	115.404	20.27	8,209.35	(38,529.34)#LT		
566	Morgan Stanley : 1		<65,066.69>	**65,066.89**	**114.959**		**11,472.82**	**(53,593.87)**		
146	WTS GENERAL MOTORS COMPANY		02/28/02	12,204.00	83.589	11 73	1,712.58	(10,491.42)#LT		
367	EXP 07/10/2016		01/14/05	31,121.73	84.80	11.73	4,304.91	(26,816.82)#LT		
513			<43,325.73>	**43,325.73**	**84.456**		**6,017.49**	**(37,308.24)**		
146	WTS GENERAL MOTORS COMPANY		02/28/02	9,468.00	64.849	7.82	1,141.72	(8,326.28)#LT		
367	EXP 07/10/2019		01/14/05	24,144.58	65.789	7 82	2,869.94	(21,274.64)#LT		
513			<33,612.58>	**33,612.58**	**65.522**		**4,011.66**	**(29,600.92)**		

MorganStanley
SmithBarney

Ref: 00001592 00013178

Reserved Client Financial Management Account

December 1 - December 31, 2011

KATES FOUNDATION INC. *Account number 86D-02403-16 054*

Common stocks & options *continued*

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated income (annualized)
1,000	HOME DEPOT INC **Rating:** Citigroup : 1 S&P : 2	HD	11/19/02	$ 25,174.65	$ 25.17	$ 42.04	$ 42,040.00	$ 16,865.35* LT	2.759%	$ 1,160.00
1,000	KELLOGG CO **Rating:** Citigroup : 1 Morgan Stanley : 1 S&P : 2	K	01/25/10	55,238.94	54.237	50.57	50,570.00	(4,668.94) LT	3.401	1,720 00
1,000	MICROSOFT CORP **Rating:** Citigroup : 1 Morgan Stanley : 1 S&P : 1	MSFT	11/18/05	28,266.50	28.00	25.96	25,960.00	(2,306.50) LT	3.081	800.00
1,000	PENN WEST PETE LTD	PWE	01/18/11	26,034.18	25.427	19.80	19,800.00	(6,234.18) ST	5.378	1,065 00
1,000	PETROLEO BRASILEIRO SA PETROBRAS **Rating:** Citigroup : 1 Morgan Stanley . 1 S&P : 2	PBR	09/25/08	47,805.79	47.15	24.85	24,850.00	(22,955.79) LT	.603	150 00
1,500	PFIZER INC **Rating:** Citigroup : 2 Morgan Stanley . 1 S&P : 1	PFE	01/18/11	27,998.89	18.345	21.64	32,460 00	4,461.11 ST	4.066	1,320 00
1,500	ST JOE COMPANY	JOE	05/08/06	80,144.58	52.86	14.66	21,990.00	(58,154.58) LT		
750	VISA INC COM CL A	V	01/19/11	54,101.15	70.817	101.53	76,147.50	22,046.35 ST		
1,000	**Rating:** Citigroup : 2		05/25/11	80,020.33	78.79	101.53	101,530.00	21,509.67 ST		
100	Morgan Stanley : 1 S&P : 2		10/26/11	9,232.67	89.727	101.53	10,153.00	920.33 ST		
1,850				143,354.15	77.489		187,830.50	44,476.35	.866	1,628.00
1,000	WAL-MART STORES INC **Rating:** Citigroup : 1 S&P : 1	WMT	02/25/00	45,096.55	45.10	59.76	59,760.00	14,663.45* LT	2.443	1,460.00
2,000	WASTE MGMT INC DEL **Rating:** Morgan Stanley : 2 S&P : 2	WM	03/13/09	49,659.86	24.476	32.71	65,420.00	15,760.14 LT	4.157	2,720 00
Total common stocks and options				$ 1,511,483.46			$ 1,178,239.19	$ 5,118.94** ST ($ 340,363.21)** LT	2.50	$ 29,452.80

Various adj <21,220.57>
General Motors Reorg <140,005>
(348,257 89

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.

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
3,000	ALPINE GLOBAL PREMIER PPTYS FD	AWP	04/25/07	$ 59,028.00	$ 20.00	$ 5 30	$ 15,900.00	($ 43,128.00) LT		
131	SHS OF BEN INT Equity portfolio		12/31/10	928.27	7.086	5.30	694.30	(233.97) ST		
43.6695	Reinvestments to date			748.63	17.143	5.30	231 45	(517.18) LT		
3,174.6695				**60,704.90**	**19.122**		**16,825.75**	**(43,879.15)**	**11.32**	**1,904.80**
1,000	POWERSHARES DB AGRICULTURE FD Equity portfolio	DBA	10/26/11 per K-1	31,377.68 <1823>	30.686	28.88	28,880.00	(2,497.68) ST		
Total closed end fund equity allocation							**$ 45,705.75**			
Total exchange traded funds and closed end funds				~~$ 92,082.58~~ 90,259.58			**$ 45,705.75**	**($ 2,731.65) ST** **($ 43,645.18) LT**	**4.16**	**$ 1,904.80**

Preferred stocks

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

Quantity	Description	Symbol	Date acquired	Cost	Share cost	Current price	Current value	Unrealized gain/(loss)	Average % yield	Anticipated Income (annualized)
2,000	FEDERAL HOME LN MTG CORP FIXED TO FLTG NON-CUM PERP PFD Rated C Next call on 12/31/12	FMCKJ	02/28/08	**$ 53,310.00**	$ 26.655	$ 1.33	**$ 2,660.00**	**($ 50,650.00)** LT		
1,000	GENERAL MOTORS COMPANY 4.75% SER B MANDATORY CONV JR PFD	GMPRB	05/25/11	**49,817.06**	48.975	34.25	**34,250.00**	**(15,567 06)** ST	**6 934**	2,375 00
1,500	GOLDMAN SACHS GROUP INC FLOATING RATE PFD PERPETUAL Rated BB+ Next call on 01/29/12	GSPRA	01/25/10	**33,490.98**	22.00	16.67	**25,005.00**	**(8,485.98)** LT	5.746	1,437.00
Total preferred stocks				**$ 136,618.04**			**$ 61,915.00**	**($ 15,567.06) ST** **($ 59,135.98) LT**	**6.15**	**$ 3,812.00**

MorganStanley
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Ref: 00001592 00013180

Reserved Client Financial Management Account

December 1 - December 31, 2011

KATES FOUNDATION INC. **Account number 86D-02403-16 054**

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.

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)
3,189.783	COHEN & STEERS PREFERRED SECURITIES & INC FD CL C	CPXCX	05/25/11	$ 40,000.00	$ 12.54	$ 11.65	$ 37,161.09	($ 2,838.91) ST		6.317%	$ 2,347.68
	Cash distributions (since inception)								1,569.40		
	Total Purchases vs. Current Value			40,000.00			37,161.09		(2,838.91)		
	Fund Value Increase/Decrease								(1,269.51)		
1,673 458	LEGG MASON VALUE TRUST FD CL C	LMVTX	02/24/06	115,000.00	68.72	37.31	62,436.72	(52,563.28) LT			
1,673.458	**Total Purchases**			115,000.00	68.72	37.31	62,436.72	(52,563.28)			
297.261	Reinvestments to date			16,374.82	55.085	37.31	11,090.81	(5,284.01) LT			
373	Reinvestments to date			13.87	37.184	37.31	13.92	.05 ST			
1,971.092	**Tax-based Cost vs. Current Value**			131,388.69	66 658		73,541.45	(57,847.24)		.018	13.79
	Total Purchases vs. Current Value			115,000.00			73,541.45		(41,458.55)		
	Fund Value Increase/Decrease								(41,458.55)		
Total mutual funds (Tax based)				**$ 171,388.69**			**$ 110,702.54**	**($ 2,838.86) ST**		**2.13**	
								($ 57,847.29) LT			**$ 2,361.47**
Total Fund Value Increase/Decrease									**($ 42,728.06)**		

KATES FOUNDATION, INC.
65-0401513

Ref: 00001592 00013181

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Reserved Client
Financial Management Account
December 1 - December 31, 2011

KATES FOUNDATION INC. ***Account number 86D-02403-16 054***

Bonds

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

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

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

Corporate bonds

Amount	Description	Date acquired/ CUSIP #	Cost/ Adjusted cost	Share cost/ Adjusted share cost	Current share price/Accrued Interest	Current value	Unrealized Gain/(loss) Original/ Adjusted	Current % Yield/ Anticip Income (annualized)	Ordinary income/ Capital gain/(loss)
40,000	GTE CORP DEBS-BK/ENTRY	10/09/02	$ 40,252.00	$ 100.56	119.782	$ 47,912.80	$ 7,660.80* LT	5.71	$ 0.00
	DTD 4/27/1998	362320AZ6	$ 40,113.60	$ 100.284	$ 577.60		$ 7,799.20* LT	$ 2,736.00	$ 7,799.20
	INT: 06.840% MATY: 04/15/2018		+ 2374						
	Rating. BAA1/A-								
100,000	ESCROW GEN MOTORS CORP			Please provide		Unpriced			0.00
	DTD 07/03/2003	370ESCBT1							0.00
	DEFAULT								
	INT: 08 375% MATY. 07/15/2033	11/14/05	102,121.31			102,121.31			
Total corporate bonds			$ 40,252.00		$ 577.60	~~$ 47,912.80~~	$ 0.00** ST	5.71	
140,000			~~$ 40,113.60~~ 142,397.05			150,034.11	$ 7,799.20** LT	$ 2,736.00	$ 7,799.20
Total portfolio value			$ 1,986,710.58			$ 1,477,499.47	($ 16,018.63)**ST	2.72	$ 0.00
							($ 483,192.46)**LT	$ 40,270.57	$ 7,799.20

**Based on information supplied by client or other financial institution, not verified by us.*

***Unrealized Gain/Loss is only calculated when an original cost basis is available.*
#Based on information supplied by your Financial Advisor.

KATES FOUNDATION INC.
Account Number 86D-02403-16 054

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. For additional information regarding this section see enclosed brochure.

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Original Cost Adjusted Cost	Original Gain/(Loss) Adjusted Gain/(Loss)	Ordinary Income Capital Gain/(Loss)
125000120	1,500	PFIZER INC	01/18/11	10/26/11	$ 27,831.33	$ 27,998.89 $ 27,998 89	($ 167.56) ($ 167 56)	$ 0.00 $ 0.00
Total					$ 27,831 33	$ 27,998 89 $ 27,998 89	($ 167 56) ($ 167.56)	$ 0.00 $ 0.00

MorganStanley
SmithBarney

Ref: 00012496 00052603

2011 Year End Summary

KATES FOUNDATION INC.
Account Number 86D-02403-16 054

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. For additional information regarding this section see enclosed brochure.

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Original Cost Adjusted Cost	Original Gain/(Loss) Adjusted Gain/(Loss)	Ordinary Income Capital Gain/(Loss)
125000010	1,807.2878	INVESCO TECHNOLOGY SECTOR FUND CLASS A	04/04/00	01/18/11	$ 21,018.76	$ 72,080.00 e $ 72,080.00	($ 51,061.24) ($ 51,061.24)	$ 0.00 $ 0.00
	15.3324	CONFIRM #500010180062766	06/23/00		178.32	528.95 e 528.95	(350.63) (350.63)	0.00 0.00
	275.7709		06/23/00		3,207.22	9,577.56 e 9,577.56	(6,370.34) (6,370.34)	0.00 0.00
	2,539.1349		10/27/00		29,530.13	100,000.00 e 100,000.00	(70,469.87) (70,469.87)	0.00 0.00
125000020	100,000	BANKAMERICA CAP II PREFERRED JUNIOR SUBORDINATED DUE 12/15/2026 RATE 8.000 YTM 7.814	04/04/00	05/25/11	101,650.00	100,002.35 e 100,002.35	1,647.65 1,647.65	0.00 1,647.65
125000030	1,500	CARDINAL HEALTH INC	10/14/99	01/18/11	60,809.04	33,999.41 e 33,999.41	26,809.63 26,809.63	0.00 0.00
125000040	1,125	CAREFUSION CORP	10/14/99	10/26/11	26,650.29	20,208.81 e 20,208.81 +12,46	6,441.48 6,441.48	0.00 0.00
	375		10/14/99		8,883.43	6,683.73 e 6,683.73	2,199.70 2,199.70	0.00 0.00
125000050	3,000	GENERAL ELEC CAP CORP 6.45% STRIP YIELD = 6.462%	06/27/06	05/25/11	75,863.42	74,775.00 74,775.00	1,088.42 1,088.42	0.00 0.00
	1,000	6.4500% DUE 06/15/2046 NEXT CALL:06/22/11 AT 25.000	06/27/06		25,287.81	24,925.00 24,925.00	362.81 362.81	0.00 0.00
125000060	2,000	GOLDMAN SACHS GROUP INC FLOATING RATE PFD PERPETUAL STRIP YIELD = 0.000% 3.7500% DUE 12/31/2049	01/25/10	10/26/11	36,481.77	44,654.64 44,654.64	(8,172.87) (8,172.87)	0.00 0.00
125000070	2,000	HOME DEPOT INC	11/19/02	01/18/11	71,056.40	50,349.30 e 50,349.30	20,707.10 20,707.10	0.00 0.00
125000080	1,000	HOME DEPOT INC	11/19/02	10/26/11	35,141.58	25,174.65 e 25,174.65	9,966.93 9,966.93	0.00 0.00
125000090	2,000	MICROSOFT CORP CGMI AND/OR ITS AFFILIATES	11/18/05	05/25/11	47,576.39	56,533.02 56,533.02	(8,956.63) (8,956.63)	0.00 0.00

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SmithBarney

Ref: 00012496 00052604

2011 Year End Summary

KATES FOUNDATION INC.
Account Number 86D-02403-16 054

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

Reference number	Quantity	Security Description	Opening Trade Date	Closing Trade Date	Sale Proceeds	Original Cost Adjusted Cost	Original Gain/(Loss) Adjusted Gain/(Loss)	Ordinary Income Capital Gain/(Loss)
125000100	1,000	MICROSOFT CORP CGMI AND/OR ITS AFFILIATES	11/18/05	10/26/11	$ 25,552.85	$ 28,266.51 $ 28,266.51	($ 2,713 66) ($ 2,713.66)	$ 0.00 $ 0.00
125000110	2,000	NOKIA CORP SPONSORED ADR	01/18/01	01/18/11	20,965 52	83,778 42 [e] 83,778.42	(62,812.90) (62,812.90)	0.00 0.00
Total					$ 589,852.93	$ 731,537.35 $ 731,537.35	($ 141,684.42) ($ 141,684 42)	$ 0 00 $ 1,647 65
					[illegible]	+ 17.46	<17.46>	

[e] *Based on information supplied by Client or other financial institution, not verified by us.*

2011
YEAR
END
SUMMARY