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

2012

Open to Public Inspection

For calendar year 2012 or tax year beginning , 2012, and ending , 20

Name of foundation		A Employer identification number
Blanche M. & George L. Watts Mountainside Community Foundation		20-2942228
Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see instructions)
210 Orchard Street		908-232-2244
City or town, state, and ZIP code		C If exemption application is pending, check here ▶ ☐
Westfield, NJ 07090		

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)* ▶ $ 3,927,898

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 ▶ ☐

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	Description	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc., received (attach schedule)	50			
	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	109494	106402		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	87391			
	b	Gross sales price for all assets on line 6a				
	7	Capital gain net income (from Part IV, line 2)		87391		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less: Cost of goods sold 1,800,564				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	196,935	193793		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc.				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)	20821	2082		18739
	b	Accounting fees (attach schedule)				
	c	Other professional fees (attach schedule)	28648	25670		2978
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	3298	531		
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications	1668			
	23	Other expenses (attach schedule)	655	0		1668
	24	**Total operating and administrative expenses.** Add lines 13 through 23	55,090	28283		
	25	Contributions, gifts, grants paid	165416			165416
	26	**Total expenses and disbursements.** Add lines 24 and 25	220,506	28283		188801
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	(23,571)			
	b	**Net investment income** (if negative, enter -0-)		165510		
	c	**Adjusted net income** (if negative, enter -0-)				

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

	Line	Description	Beginning of year (a) Book Value	End of year (b) Book Value	End of year (c) Fair Market Value
Assets	1	Cash—non-interest-bearing	29696	343967	343967
	2	Savings and temporary cash investments			
	3	Accounts receivable ▶			
		Less: allowance for doubtful accounts ▶			
	4	Pledges receivable ▶			
		Less: allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach schedule) ▶			
		Less: allowance for doubtful accounts ▶			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U.S. and state government obligations (attach schedule)	215000	190000	192600
	b	Investments—corporate stock (attach schedule)	2813958	2790902	3313449
	c	Investments—corporate bonds (attach schedule)	265306	73963	77882
	11	Investments—land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)			
	14	Land, buildings, and equipment: basis ▶			
		Less: accumulated depreciation (attach schedule) ▶			
	15	Other assets (describe ▶ Simon Property, LLC)	97787	0	0
	16	**Total assets** (to be completed by all filers—see the instructions. Also, see page 1, item I)	3421749	3398832	3927898
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶)			
	23	**Total liabilities** (add lines 17 through 22)	0	0	
Net Assets or Fund Balances		**Foundations that follow SFAS 117, check here ▶ ☐ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ ☑ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds	3421749	3398832	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	**Total net assets or fund balances** (see instructions)	3421749	3398832	
	31	**Total liabilities and net assets/fund balances** (see instructions)	3421749	3398832	

Part III Analysis of Changes in Net Assets or Fund Balances

	Description	Line	Amount
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	3421749
2	Enter amount from Part I, line 27a	2	(23,571)
3	Other increases not included in line 2 (itemize) ▶	3	654
4	Add lines 1, 2, and 3	4	3,398,837
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	3,398,832

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 Detailed Schedule Attached			
b				
c				
d				
e				

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

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

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

2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 }	2	87391
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c) (see instructions). If (loss), enter -0- in Part I, line 8	3	

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col (c))
2011	185,466	3,694,725	0.0502
2010	172,284	3,619,504	0.0475
2009	175,020	3,386,970	0 0517
2008	211,094	3,921,261	0.0538
2007	166,232	4,408,314	0.0317

2	**Total** of line 1, column (d)	2	0.2349
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	0.0469
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	3,875,688
5	Multiply line 4 by line 3	5	181,770
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	1,656
7	Add lines 5 and 6	7	183,426
8	Enter qualifying distributions from Part XII, line 4	8	187,115

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1. Date of ruling or determination letter: ________ **(attach copy of letter if necessary—see instructions)**		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b	1	1,656
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	
3	Add lines 1 and 2	3	1,656
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	
5	**Tax based on investment income.** Subtract line 4 from line 3. If zero or less, enter -0-	5	1,656
6	Credits/Payments:		
a	2012 estimated tax payments and 2011 overpayment credited to 2012 — 6a: 1,600		
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	1,600
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	56
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 2013 estimated tax** ▶ **Refunded** ▶	11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		✓
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see Instructions for the definition)?	1b		✓
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		✓
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: **(1)** On the foundation. ▶ $ ________ **(2)** On foundation managers. ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		✓
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3		✓
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		✓
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		✓
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		✓
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	✓	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV*	7	✓	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by *General Instruction G? If "No," attach explanation*	8b	✓	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		✓
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		✓

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

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions)	11		✓
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		✓
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	✓	

Website address ▶

14 The books are in care of ▶ Phelan, Frantz & Peek Telephone no. ▶ 908-232-2244

Located at ▶ 210 Orchard Street P.O. Box 2038 Westfield, New Jersey ZIP+4 ▶ 07091

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041**—Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ 15

			Yes	No
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		✓
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶			

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

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		
	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 2012?	1c		✓
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ Yes ☐ No If "Yes," list the years ▶ 20__ , 20__ , 20__ , 20__			
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions.)	2b		
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here. ▶ 20__ , 20__ , 20__ , 20__			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☐ No			
b	If "Yes," did it have excess business holdings in 2012 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 2012.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		✓
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b		✓

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

				Yes	No
5a	During the year did the foundation pay or incur any amount to:				
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	☐ Yes ☐ No			
	(2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	☐ Yes ☐ No			
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	☐ Yes ☐ No			
	(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions)	☐ Yes ☐ No			
	(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	☐ Yes ☐ No			
b	If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?		**5b**		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐				
c	If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?	☐ Yes ☐ No			
	If "Yes," attach the statement required by Regulations section 53.4945–5(d).				
6a	Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	☐ Yes ☐ No			
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		**6b**		✓
	If "Yes" to 6b, file Form 8870.				
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	☐ Yes ☐ No			
b	If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?		**7b**		✓

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

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Nicholas Bradshaw 320 Partridge Run, Mountainside, NJ 07092	President - PT	0	0	0
John Clifford 39 Foch Street, Sayreville, NJ 08872	VP-PT	0	0	0
Bart Barre 123 Wild Hodge Lane, Mountainside, NJ 07092	Secretary - PT	0	0	0
G. Dewey Moser 18 Golden Eye Lane, Port Monmouth, NJ 07758	Treasurer - PT	0	0	0

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

(a) Name and address of each employee paid more than $50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
Total number of other employees paid over $50,000 ▶				

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation

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

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

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1	
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	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 . . . . ▶	

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	3,596,312
b	Average of monthly cash balances	1b	338,397
c	Fair market value of all other assets (see instructions)	1c	
d	**Total** (add lines 1a, b, and c)	1d	3,934,709
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	3,934,709
4	Cash deemed held for charitable activities. Enter 1 ½ % of line 3 (for greater amount, see instructions)	4	59,021
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,875,688
6	**Minimum investment return.** Enter 5% of line 5	6	193,784

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	193,784
2a	Tax on investment income for 2012 from Part VI, line 5 — 2a: 1,656		
b	Income tax for 2012. (This does not include the tax from Part VI.) — 2b		
c	Add lines 2a and 2b	2c	1,656
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	192,128
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	192,128
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	192,128

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	188,801
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	188,801
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	1,656
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	187,145

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 2011	(c) 2011	(d) 2012
1	Distributable amount for 2012 from Part XI, line 7				192,098
2	Undistributed income, if any, as of the end of 2012:				
a	Enter amount for 2011 only			174,200	
b	Total for prior years: 20___,20___,20___				
3	Excess distributions carryover, if any, to 2012:				
a	From 2007				
b	From 2008				
c	From 2009				
d	From 2010				
e	From 2011				
f	**Total** of lines 3a through e				
4	Qualifying distributions for 2012 from Part XII, line 4: ▶ $ 188,801				
a	Applied to 2011, but not more than line 2a			174,200	
b	Applied to undistributed income of prior years (Election required—see instructions)				
c	Treated as distributions out of corpus (Election required—see instructions)				
d	Applied to 2012 distributable amount				13,881
e	Remaining amount distributed out of corpus				
5	Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6	**Enter the net total of each column as indicated below:**				
a	Corpus. Add lines 3f, 4c, and 4e. Subtract line 5				
b	Prior years' undistributed income. Subtract line 4b from line 2b				
c	Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d	Subtract line 6c from line 6b. Taxable amount—see instructions				
e	Undistributed income for 2011. Subtract line 4a from line 2a. Taxable amount—see instructions			0	
f	Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				178,217
7	Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8	Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)				
9	**Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a				
10	Analysis of line 9:				
a	Excess from 2008				
b	Excess from 2009				
c	Excess from 2010				
d	Excess from 2011				
e	Excess from 2012				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . . . ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
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 ⅔ 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).)

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.

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 or e-mail 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				
Mountainside Rescue Squad Mountainside, New Jersey	NA	501C-3	General Operating Expense	23,282
NJPAC One Center Street, Newark, New Jersey	NA	501C-3	General Operating Expense	6,000
Troop 177 Boy Scouts of America	NA	501C-3	General Operating Expense	500
Community Presbyterian Church 1495 Deer Path, Mountainside, New Jersey	NA	501C-3	Community Concert	5000
CONTACT-WE-CARE Westfield, New Jersey	NA	501C-3	General Operating Expense	1,500
NJ Inter-generational Orchestra 600 Locust Avenue, Berkley Heights, New Jersey	NA	501C-3	Concerts	1,000
Mountainside Recreational Department 1385 Highway 22, Mountainside, New Jersey	NA	501C-3		10,097
Rowan University Glassboro, New Jersey	NA	501C-3	Scholarship Jimmy Murdoch	2,500
Drexel University Philadelphia, PA	NA	501C-3	Scholarship Ayesha Rele	10,000
Rutgers University New Brunswick, NJ	NA	501C-3	Scholarship Elena Lopez	4,285
Rutgers University New Brunswick, NJ	NA	501C-3	Scholarship Alexa Rocha	5,000
Georgia Institute of Technology	NA	501C-3	Scholarship Mark Degaetano	10,000
Mountainside Softball Association	NA	501C-3	General Operating Expense	10,000
Mountainside Board of Education	NA	501C-3		15,200
Sage 290 Broad Street, Summit, New Jersey	NA	501C-3	General Operating Expense	40,000
Total . . . . ▶ 3a				165,416
b Approved for future payment				
Total . . . . ▶ 3b				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.	Unrelated business income (a) Business code	Unrelated business income (b) Amount	Excluded by section 512, 513, or 514 (c) Exclusion code	Excluded by section 512, 513, or 514 (d) Amount	(e) 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	106,402	
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory			18	87,391	
11 Other revenue: a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)				193,793	

13 **Total.** Add line 12, columns (b), (d), and (e) . . . 13 193,793

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

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

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

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

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

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

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

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

b If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship

Sign Here

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

N Nicholas Bradshaw | 5/14/13 | 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: Thomas C. Phelan	Preparer's signature: Thomas C. Phelan	Date: 5/14/13	Check ☐ if self-employed	PTIN: P00783791
Firm's name ▶ Phelan, Frantz & Peek, LLC			Firm's EIN ▶ 45-4030217	
Firm's address ▶ 210 Orchard Street, P.O. Box 2038 Westfield, New Jersey 07091			Phone no 908-232-2244	

Forms 1099 for 2012

Recipient: BLANCHE M & GEORGE L WATTS, 20-2942228

Payer: PEAPACK-GLADSTONE BANK 22-2491488

1099-INT Interest Income (OMB No. 1545-0112) **Copy B, For Recipient**

Please note that Box 7, Foreign country or U.S. possession, is shown in the detail section for Foreign Interest Reported on Form 1099 and Box 10, Tax-exempt bond CUSIP number, is shown in the detail section for Tax-Exempt Income Reported on Form 1099. Additionally, Box 11, State, and Box 12, State identification number, associated with the amount in Box 13 are shown at the end of the Interest Income detail section.

Box	*Description*	*Amount*	*Enter on*
1	Interest income (not included in Box 3)	$25,442.58	Form 1040, Schedule B, Part I, Line 1
2	Early withdrawal penalty	$0.00	Form 1040, Line 30
3	Interest on U.S. Savings Bonds and Treasury Obligations	$0.00	Form 1040, Schedule B, Part I,Line 1
4	**Federal income tax withheld**	$0.00	Form 1040, Line 62
5	Investment expenses	$0.00	Report on Form 1040, Schedule A, Line 23
6	Foreign tax paid	$0.00	Form 1116
8	Tax-exempt interest	$0.00	Form 1040, Line 8b
9	Specified private activity bond interest	$0.00	See Instructions for Form 6251 (Amount is in Box 8)
13	State tax withheld	$0.00	See Instructions

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Forms 1099 for 2012

1099-B Proceeds From Broker and Barter Exchange Transactions (OMB No. 1545-0715) Copy B, For Recipient

A schedule of your net gains and losses is shown below. Although we have shown quantity sold on the sales with either two decimal places, as a whole number, or as a fractional share, all of these amounts will be filed with the IRS as whole numbers per IRS publication 1220. Please note that if you have sold an asset for which we do not have cost basis information, it is either shown separately in the section entitled Cost Not Available or it may appear with a zero tax cost. Please review these carefully when preparing your return. Note also that an asterisk symbol (*) next to tax cost indicates that the tax cost has been adjusted for current year's return of capital. However, we have not made any adjustments to the cost basis of all partnerships. If applicable, we have shown IRC Section 988 translation gains and losses separately within the sales sections. Please note these gains or losses are not entitled to capital gains treatment. Rather, under IRC Section 988, they are either ordinary income or loss.

Proceeds from Short Term Covered Security Transactions

This category includes transactions that are short-term gain or loss on Form 1099-B, Box 1c. Form 1099-B, Box 6b is checked because this category includes only sales of covered securities. If applicable, transactions subject to wash sale are shown separately. If wash sales are not shown separately, your account has no wash sales in this category. For individual taxpayers, these transactions are reportable on Form 8949, Part I, Box A.

Short Term Covered Security Transactions (Form 8949, Part I, Box A)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition (Box 1b)	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis (Box 3)	Net gain or loss
JOHNSON CONTROLS INC	JCI	478366107	500	05/25/11	01/12/12	$17,194.92	$19,044.75	$-1,849.83
JOHNSON CONTROLS INC	JCI	478366107	750	05/25/11	01/19/12	$24,645.42	$28,567.13	$-3,921.71
JOHNSON CONTROLS INC	JCI	478366107	500	09/14/11	01/19/12	$16,430.28	$14,729.05	$1,701.23
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	750	02/18/11	01/24/12	$11,999.77	$19,530.00	$-7,530.23
UNION PACIFIC CORP	UNP	907818108	500	05/18/11	01/24/12	$54,948.94	$51,007.00	$3,941.94
EMERSON ELECTRIC CO	EMR	291011104	750	05/12/11	01/24/12	$37,094.67	$40,431.00	$-3,336.33
BLACKROCK INC	BLK	09247X101	125	04/21/11	01/25/12	$23,422.49	$24,665.84	$-1,243.35
INTERNATIONAL PAPER CO	IP	460146103	500	07/28/11	02/29/12	$17,734.68	$15,389.05	$2,345.63

WATTS, B G FDN I/M

Short Term Covered Security Transactions (Form 8949, Part I, Box A)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition (Box 1b)	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis (Box 3)	Net gain or loss
CITRIX SYS INC COM	CTXS	177376100	250	07/26/11	04/20/12	$19,492.07	$18,695.08	$796.99
GENL ELEC CAPITAL CORP	GED	369622493	250	02/28/12	05/10/12	$6,427.61	$6,500.00	$-72.39
GOLDMAN SACHS GROUP INC	GS	38141G104	125	09/14/11	06/07/12	$11,834.74	$13,163.99	$-1,329.25
WASTE MANAGEMENT INC	WM	94106L109	750	02/10/12	06/25/12	$24,056.47	$26,362.20	$-2,305.73
WASTE MANAGEMENT INC	WM	94106L109	1000	02/09/12	06/25/12	$32,075.30	$35,319.50	$-3,244.20
GENL ELEC CAPITAL CORP	GED	369622493	750	02/28/12	07/26/12	$19,603.19	$19,500.00	$103.19
VANGUARD SMALL CAP VIPER	VB	922908751	1000	02/07/12	08/17/12	$78,453.34	$77,969.10	$484.24
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	75	07/12/12	09/12/12	$13,681.20	$12,578.46	$1,102.74
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	425	02/07/12	09/12/12	$77,526.81	$75,215.74	$2,311.07
CITIGROUP CAPITAL XV		17310G202	1250	02/28/12	09/28/12	$31,205.18	$30,987.50	$217.68
CITIGROUP CAPITAL XV		17310G202	1500	02/09/12	09/28/12	$37,446.21	$36,765.00	$681.21
BAC CAP TR III PFD		05518E202	750	02/28/12	11/05/12	$18,750.00	$18,480.00	$270.00
BAC CAP TR III PFD		05518E202	1250	04/10/12	11/05/12	$31,250.00	$31,163.25	$86.75
BAC CAP TR III PFD		05518E202	750	01/12/12	11/05/12	$18,750.00	$17,511.30	$1,238.70
BAC CAP TR III PFD		05518E202	250	01/19/12	11/05/12	$6,250.00	$5,959.00	$291.00
TOTAL FINA ELF S.A. ADR	TOT	89151E109	250	06/07/12	11/21/12	$12,221.72	$11,024.98	$1,196.74
KOHLS CORP	KSS	500255104	500	07/05/12	12/04/12	$21,864.56	$23,781.52	$-1,916.96
Total short term gain/loss from covered security transactions not subject to wash sale:						$664,359.57	$674,340.44	$-9,980.87

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Short Term Covered Security Transactions with loss disallowed due to wash sale (Form 8949, Part I, Box A)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition (Box 1b)	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis (Box 3)	Portion subject to 988	Net gain or loss / Wash sale loss disallowed (Box 5)
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	1000	01/27/11	01/24/12	$15,999.69	$23,138.30		$-7,138.61
								$0.00	$3,569.31
Total short term gain/loss from covered security transactions subject to wash sale:						$15,999.69	$23,138.30		$-7,138.61
Total short term loss from covered security transactions disallowed from wash sales:									$3,569 31
Total short term Section 988 translation gain/loss from covered securities subject to wash sale:								$0.00	

Total short term gain/loss from covered security transactions:	**Gross Proceeds**	**Tax Cost**	**Gain or Loss**	**Loss Disallowed**	**Net Gain or Loss**
Report each transaction on Form 8949, Part I, Box A	**$680,359.26**	**$697,478.74**	**$-17,119.48**	**$3,569.31**	**$-13,550.17**

Proceeds from Short Term Noncovered Security Transactions

This category includes transactions that are short-term gain or loss. Form 1099-B, Box 6a is checked because this category includes only sales of non-covered securities. For sales of noncovered securities we report security description, symbol, cusip, quantity sold, sale date, federal income tax with-held and gross proceeds to the Internal Revenue Service but we do not report acquisition date, tax cost, wash sale loss disallowed and type of gain or loss. If applicable, transactions subject to wash sale are shown separately. If wash sales are not shown separately, your account has no wash sales in this category. For individual taxpayers, these transactions are reportable on Form 8949, Part I, Box B.

Short Term Noncovered Security Transactions (Form 8949, Part I, Box B)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis	Net gain or loss
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	500	09/14/11	01/20/12	$29,759 68	$27,805.00	$1,954.68
Total short term gain/loss from noncovered security transactions not subject to wash sale:						$29,759.68	$27,805.00	$1,954.68

Total short term gain/loss from noncovered security transactions:	**Gross Proceeds**	**Tax Cost**	**Gain or Loss**	**Loss Disallowed**	**Net Gain or Loss**
Report each transaction on Form 8949, Part I, Box B	**$29,759.68**	**$27,805.00**	**$1,954.68**	**$0.00**	**$1,954.68**

Proceeds from Long Term Covered Security Transactions

This category includes transactions that are long-term gain or loss on Form 1099-B, Box 1c. Form 1099-B, Box 6b is checked because this category includes only sales of covered securities. If applicable, transactions subject to wash sale are shown separately. If wash sales are not shown separately, your account has no wash sales in this category. For individual taxpayers, these transactions are reportable on Form 8949, Part II, Box A.

Long Term Covered Security Transactions (Form 8949, Part II, Box A)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition (Box 1b)	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis (Box 3)	Net gain or loss
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	750	02/18/11	03/22/12	$12,834.85	$19,530.00	$-6,695.15
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	500	02/13/11	03/22/12	$8,556.56	$12,624.06	$-4,067.50
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	250	02/22/11	03/22/12	$4,278 28	$6,062.40	$-1,784.12
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	500	02/22/11	04/04/12	$7,264.89	$12,124.80	$-4,859.91
WEATHERFORD INTNTL LTD NEW	WFT	H27013103	250	03/02/11	04/04/12	$3,632.44	$5,312.08	$-1,679.64
CITRIX SYS INC COM	CTXS	177376100	250	03/04/11	04/20/12	$19,492.07	$17,827.05	$1,665.02
Total long term gain/loss from covered security transactions not subject to wash sale:						$56,059.09	$73,480.39	$-17,421.30

Total long term gain/loss from covered security transactions:	Gross Proceeds	Tax Cost	Gain or Loss	Loss Disallowed	Net Gain or Loss
Report each transaction on Form 8949, Part II, Box A	**$56,059.09**	**$73,480.39**	**$-17,421.30**	**$0.00**	**$-17,421.30**

Proceeds from Long Term Noncovered Security Transactions

This category includes transactions that are long-term gain or loss. Form 1099-B, Box 6a is checked because this category includes only sales of non-covered securities. For sales of noncovered securities we report security description, symbol, cusip, quantity sold, sale date, federal income tax with-held and gross proceeds to the Internal Revenue Service but we do not report acquisition date, tax cost, wash sale loss disallowed and type of gain or loss. If applicable, transactions subject to wash sale are shown separately. If wash sales are not shown separately, your account has no wash sales in this category. For individual taxpayers, these transactions are reportable on Form 8949, Part II, Box B.

Long Term Noncovered Security Transactions (Form 8949, Part II, Box B)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis	Net gain or loss
ADOBE SYS INC	ADBE	00724F101	500	07/13/10	01/12/12	$14,384.97	$13,902.00	$482.97

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Long Term Noncovered Security Transactions (Form 8949, Part II, Box B)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis	Net gain or loss
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	250	05/21/10	01/20/12	$42,136.94	$33,902.48	$8,234.46
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	250	05/06/10	01/20/12	$42,136.94	$35,401.10	$6,735.84
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	475	04/21/06	01/20/12	$80,060.19	$69,991.25	$10,068 94
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	250	03/24/10	01/20/12	$42,136.94	$36,194 93	$5,942.01
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	275	09/24/10	01/20/12	$16,367.82	$13,680.54	$2,687 28
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	700	03/05/08	01/20/12	$41,663.55	$30,351.64	$11,311.91
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	300	04/18/08	01/20/12	$17,855.81	$14,114.22	$3,741.59
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	500	07/29/08	01/20/12	$29,759.68	$22,724.94	$7,034.74
SPDR S&P MIDCAP 400 ETF TRUST	MDY	78467Y107	275	06/24/10	01/20/12	$46,350.63	$37,144.17	$9,206.46
ADOBE SYS INC	ADBE	00724F101	250	07/13/10	01/20/12	$7,589 88	$6,951.00	$638.88
ADOBE SYS INC	ADBE	00724F101	250	07/16/10	01/20/12	$7,589.88	$6,999.97	$589.91
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	325	04/22/10	01/20/12	$19,343.79	$16,376.72	$2,967.07
POWERSHARES QQQ NASDAQ 100	QQQ	73935A104	400	11/23/09	01/20/12	$23,807 74	$17,691.68	$6,116.06
VISA INC-CLASS A SHRS	V	92826C839	250	10/20/10	01/24/12	$24,877.52	$19,922.02	$4,955.50
FNMA V-A 2.500% 10		3136FPQB6	25000	09/29/10	01/27/12	$25,000.00	$25,000.00	$0.00
MORGAN STAN MTN V-Q 11.000% 5	MSM0029	617482FM1	75000	05/18/09	02/27/12	$75,000.00	$74,625.00	$375.00
GOLDMAN SACHS GROUP INC	GS	38141G104	125	01/06/06	02/29/12	$14,479.74	$16,050.00	$-1,570.26
BHP BILLITON LIMITED	BHP	088606108	250	05/20/09	02/29/12	$19,247.28	$13,742.50	$5,504.78
BHP BILLITON LIMITED	BHP	088606108	500	05/20/09	04/04/12	$34,754.22	$27,485.00	$7,269.22
GEN ELEC CAP CORP 5.000% 4		36962G2L7	125000	10/28/08	04/10/12	$125,000.00	$116,718.75	$8,281.25
GOLDMAN SACHS GROUP INC	GS	38141G104	25	01/06/06	06/07/12	$2,366.95	$3,210.00	$-843.05
GOLDMAN SACHS GROUP INC	GS	38141G104	175	11/18/08	06/07/12	$16,568.63	$11,058.00	$5,510.63
GOLDMAN SACHS GROUP INC	GS	38141G104	150	12/09/09	06/07/12	$14,201.68	$24,489.91	$-10,288.23
GOLDMAN SACHS GROUP INC	GS	38141G104	25	07/10/09	06/07/12	$2,366.95	$3,593.38	$-1,226.43
PROCTER & GAMBLE CO	PG	742718109	500	01/06/06	07/05/12	$30,704.36	$29,425.00	$1,279.36
PROCTER & GAMBLE CO	PG	742718109	250	03/20/09	07/12/12	$15,869.67	$11,647.48	$4,222.19

WATTS, B G FDN I/M

Long Term Noncovered Security Transactions (Form 8949, Part II, Box B)

Description (Box 8)	Symbol (Box 1d)	Cusip	Quantity sold (Box 1e)	Date of acquisition	Sale date (Box 1a)	Sales price less commissions (Box 2a)	Cost or other basis	Net gain or loss
PROCTER & GAMBLE CO	PG	742718109	250	07/06/09	07/12/12	$15,869.67	$13,047.47	$2,822.20
BAC CAP TR III PFD		05518E202	1000	08/17/10	11/05/12	$25,000.00	$24,955.90	$44.10
BAC CAP TR III PFD		05518E202	250	06/23/10	11/05/12	$6,250.00	$5,600.18	$649.82
BAC CAP TR III PFD		05518E202	750	08/20/10	11/05/12	$18,750.00	$18,646.50	$103.50
ADOBE SYS INC	ADBE	00724F101	1000	09/22/10	11/13/12	$32,616.57	$26,439.70	$6,176.87
SYSCO CORP	SYY	871829107	750	05/08/08	11/20/12	$22,788.85	$23,077.50	$-288.65
SYSCO CORP	SYY	871829107	700	08/09/06	11/20/12	$21,269.60	$19,684 00	$1,585.60
SYSCO CORP	SYY	871829107	300	01/09/06	11/20/12	$9,115.54	$9,432.00	$-316.46
TOTAL FINA ELF S.A. ADR	TOT	89151E109	425	05/12/10	11/21/12	$20,776.92	$21,645.21	$-868.29
TOTAL FINA ELF S.A. ADR	TOT	89151E109	75	03/05/10	11/21/12	$3,666.52	$4,340.24	$-673.72
DANAHER CORP	DHR	235851102	500	08/17/10	12/04/12	$26,659.45	$18,713 95	$7,945.50
Total long term gain/loss from noncovered security transactions not subject to wash sale:						$1,034,384 88	$917,976.33	$116,408.55

	Gross Proceeds	Tax Cost	Gain or Loss	Loss Disallowed	Net Gain or Loss
Total long term gain/loss from noncovered security transactions:	**Gross Proceeds**	**Tax Cost**	**Gain or Loss**	**Loss Disallowed**	**Net Gain or Loss**
Report each transaction on Form 8949, Part II, Box B	**$1,034,384.88**	**$917,976.33**	**$116,408.55**	**$0.00**	**$116,408.55**

Total proceeds reported to IRS on Form 1099-B **$1,800,562.91**

THE BLANCHE & GEORGE WATTS
MOUNTAINSIDE COMMUNITY FOUNDATION
2012 FORM 990-PF
ADDENDUM TO PART 1, LINES 16A, 16C, 18 and 23

LINE 16A	NICHOLS, THOMSON, PEEK & PHELAN-Legal Fees & Disbursements	$20,821.00
LINE 16C	PEAPACK GLADSTONE BANK-Fees	$28,648.00
LINE 18	FEDERAL EXCISE TAX	
	Balance Due 2010 Additional Tax $545	$ 545.00
	Estimate for 2012 $1,600 and Balance Due 2011 $622	$ 2,222.00
	Foreign taxes paid	$ 531.00
		$ 3,298.00
LINE 23	NJ DIVISION OF CONSUMER AFFAIRS	
	2011 registration fee	$ 30.00
	PEAPACK GLADSTONE BANK	
	Tax Letter Fee	$ 125.00
	NJ COUNCIL OF GRANT MAKERS	
	Annual Fee	$ 500.00
		$ 655.00

THE BLANCHE & GEORGE WATTS
MOUNTAINSIDE COMMUNITY FOUNDATION
2012 FORM 990-PF
ADDENDUM TO PART XV

Grants and Contributions.

Bucknell	NA	501C-3	Scholarship Sarah Dickert	$1,750
Franklin & Marshall	NA	501C-3	Scholarship Elena Lopez	$15,802
Duke University	NA	501C-3	Scholarship Logan Turner	$1,750
Quinnipac University	NA	501C-3	Scholarship Connor Stevenson	$1,750

THE BLANCHE & GEORGE WATTS
MOUNTAINSIDE COMMUNITY FOUNDATION
2012 FORM 990-PF
ADDENDUM TO PART VIII

List of all officers, directors etc.

Sue Winans 269 Central Avenue, Mountainside, NJ 07092	Director, PT
Reverend Christopher Belden 1449 Deer Path, Mountainside, NJ 07092	Director, PT
Patricia Connelly 323 Partridge Run, Mountainside, NJ 07092	Director, PT
Tricia Yurochko 239 Evergreen Court, Mountainside, NJ 07092	Director, PT

Statement of Value and Activity

December 1, 2012 - December 31, 2012

Asset Detail

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Cash & Equivalents						
Money Market Funds						
Peapack-Gladstone Money Market	343,967.39	1.00	$343,967.39	$343,967.39	$0.00	$687.93
Total Cash & Equivalents			$343,967.39	$343,967.39	$0.00	$687.93
Equity						
Consumer Discretionary						
Home Depot Inc TICKER: HD	2,000.00	61.85	$123,700.00	$68,805.48	$54,894.52	$2,320.00
Kohls Corp TICKER: KSS	250.00	42.98	$10,745.00	$11,890.76	-$1,145.76	$320.00
Disney Walt Co New TICKER: DIS	1,500.00	49.79	$74,685.00	$36,129.07	$38,555.93	$1,125.00
			$209,130.00	$116,825.31	$92,304.69	$3,765.00
Consumer Staples						
Pepsico Inc TICKER: PEP	1,500.00	68.43	$102,645.00	$91,115.83	$11,529.17	$3,225.00
Sysco Corp TICKER: SYY	1,250.00	31.66	$39,575.00	$29,490.80	$10,084.20	$1,400.00
			$142,220.00	$120,606.63	$21,613.37	$4,625.00
Energy						
Schlumberger LTD TICKER: SLB	1,500 00	69.30	$103,947.90	$94,579.35	$9,368.55	$1,650.00
Weatherford Intntl LTD TICKER: WFT	5,000.00	11.19	$55,950.00	$61,976.45	-$6,026.45	$0.00

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Statement of Value and Activity

December 1, 2012 - December 31, 2012

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Chevron Corporation TICKER: CVX	1,000.00	108.14	$108,140.00	$61,332.48	$46,807.52	$3,600.00
Exxonmobil Corp TICKER: XOM	1,000.00	86.55	$86,550.00	$72,155.45	$14,394.55	$2,280.00
Devon Energy Corporation TICKER: DVN	1,500.00	52.04	$78,060.00	$90,309.90	-$12,249.90	$1,200.00
			$432,647.90	$380,353.63	$52,294.27	$8,730.00
Financials						
JP Morgan Chase & Co TICKER: JPM	2,500.00	43.97	$109,922.75	$98,041.28	$11,881.47	$3,000.00
Metlife Inc TICKER: MET	2,500.00	32.94	$82,350.00	$85,982.00	-$3,632.00	$1,850.00
Blackrock Inc CL A TICKER: BLK	500.00	206.71	$103,355.00	$92,205.40	$11,149.60	$3,000.00
			$295,627.75	$276,228.68	$19,399.07	$7,850.00
Health Care						
Abbott Labs TICKER: ABT	1,000.00	65.50	$65,500.00	$48,472.46	$17,027.54	$560.00
Express Scripts Hldg TICKER: ESRX	1,000.00	54.00	$54,000.00	$51,913.50	$2,086.50	$0.00
Amgen Inc TICKER: AMGN	500.00	86.20	$43,100.00	$19,719.95	$23,380.05	$940.00
			$162,600.00	$120,105.91	$42,494.09	$1,500.00
Industrials						
Pitney Bowes Inc TICKER: PBI	4,475.00	10.64	$47,614.00	$71,546.78	-$23,932.78	$6,712.50

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Statement of Value and Activity

December 1, 2012 - December 31, 2012

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Emerson Elec Co TICKER: EMR	1,000.00	52.96	$52,960.00	$53,793.00	-$833.00	$1,640.00
General Electric Corp TICKER: GE	5,000.00	20.99	$104,950.00	$102,103.72	$2,846.28	$3,800.00
Danaher Corp TICKER: DHR	1,000.00	55.90	$55,900.00	$37,427.90	$18,472.10	$100.00
Illinois Tool Wks Inc TICKER: ITW	750.00	60.81	$45,607.50	$35,295.58	$10,311.92	$1,140.00
Union Pac Corp TICKER: UNP	500.00	125.72	$62,860.00	$46,448.99	$16,411.01	$1,380.00
			$369,891.50	$346,615.97	$23,275.53	$14,772.50
Technology						
Qualcomm Inc TICKER: QCOM	1,725.00	61.86	$106,707.81	$74,295.28	$32,412.53	$1,725.00
Citrix Systems Inc TICKER: CTXS	750.00	65.62	$49,215.00	$48,573.48	$641.52	$0.00
Microsoft Corp TICKER: MSFT	3,500.00	26.71	$93,483.95	$99,817.13	-$6,333.18	$3,220.00
Oracle Corporation TICKER: ORCL	1,000.00	33.32	$33,320.00	$30,098.30	$3,221.70	$240.00
Visa Inc CL A TICKER: V	750.00	151.58	$113,685.00	$58,682.53	$55,002.47	$990.00
Apple Inc TICKER: AAPL	200.00	532.17	$106,434.60	$69,985.22	$36,449.38	$2,120.00
Intl. Business Machines Corp TICKER: IBM	750.00	191.55	$143,662.50	$74,771.67	$68,890.83	$2,550.00
Cisco Systems Inc TICKER: CSCO	4,500.00	19.65	$88,422.30	$82,862.75	$5,559.55	$2,520.00

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Statement of Value and Activity

December 1, 2012 - December 31, 2012

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Intel Corp TICKER: INTC	4,000.00	20.62	$82,480.00	$86,818.40	-$4,338.40	$3,600.00
			$817,411.16	$625,904.76	$191,506.40	$16,965.00
Basic Materials						
Nucor Corp TICKER: NUE	2,750.00	43.16	$118,690.00	$103,728.51	$14,961.49	$4,042.50
International Paper Co TICKER: IP	3,000.00	39.84	$119,520.00	$87,787.56	$31,732.44	$3,600.00
Air Products & Chemicals Inc TICKER: APD	1,000.00	84.02	$84,020.00	$70,650.33	$13,369.67	$2,560.00
Du Pont E I De Nemours & Co TICKER: DD	1,750.00	44.98	$78,712.38	$64,539.83	$14,172.55	$3,010.00
			$400,942.38	$326,706.23	$74,236.15	$13,212.50
Equity Mutual Funds						
Powershares Qqq Trust TICKER: QQQ	2,000.00	65.13	$130,260.20	$135,359.41	-$5,099.21	$1,646.00
SPDR S&P Midcap 400 ETF Trust TICKER: MDY	300.00	185.71	$55,713.00	$51,414.25	$4,298.75	$636.00
			$185,973.20	$186,773.66	-$800.46	$2,282.00
Total Equity			$3,016,443.89	$2,500,120.78	$516,323.11	$73,702.00

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Statement of Value and Activity

December 1, 2012 - December 31, 2012

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Fixed Income						
Municipal Obligations						
Hudson County New Jersey Facilities Revenue DTD 12/22/2010 3.835% 12/01/2015 Non Callable	50,000.00	104.95	$52,475.00	$50,000.00	$2,475.00	$1,917.50
Morris County New Jersey Impt Auth General Obligation DTD 12/14/2011 1.562% 06/15/2014 Non Callable	75,000.00	100.17	$75,125.25	$75,000.00	$125.25	$1,171.50
Morris County New Jersey Impt Auth General Obligation DTD 12/14/2011 1.500% 01/15/2013 Non Callable Cnty Gtd	65,000.00	100.00	$64,999.35	$65,000.00	-$0.65	$975.00
			$192,599.60	$190,000.00	$2,599.60	$4,064.00
Corporate Bonds						
HSBC Finance Corp DTD 06/27/2005 5.000% 06/30/2015 Non Callable	25,000.00	108.40	$27,099.50	$23,987.50	$3,112.00	$1,250.00
JPMorgan Chase & Co Medium Term Note DTD 01/24/2011 2.050% 01/24/2014 Non Callable	50,000.00	101.57	$50,782.50	$49,975.00	$807.50	$1,025.00
			$77,882.00	$73,962.50	$3,919.50	$2,275.00

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Statement of Value and Activity

December 1, 2012 - December 31, 2012

Description	Shares/Par Value	Current Price	Market Value	Tax Cost	Unrealized G/L	Est. Ann. Income
Preferred Stocks Nonconvertible						
Citigroup Capital Xv 6.500% Preferred Due 09/15/2066 Callable	2,250.00	25.10	$56,475.23	$55,562.50	$912.73	$3,656.25
Goldman Sachs Group Inc 6.200% Preferred Series B Callable	5,000.00	25.15	$125,750.00	$123,233.83	$2,516.17	$7,750.00
JPMorgan Chase & Co 5.500% Preferred Series 0 Callable	2,000.00	25.14	$50,280.00	$49,885.00	$395.00	$2,750.00
Public Storage 5.375% Preferred Series V Callable	2,500.00	25.80	$64,500.00	$62,100.00	$2,400.00	$3,360.00
			$297,005.23	$290,781.33	$6,223.90	$17,516.25
Total Fixed Income			$567,486.83	$554,743.83	$12,743.00	$23,855.25
Total All Assets			**$3,927,898.11**	**$3,398,832.00**	**$529,066.11**	**$98,245.18**

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