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 , **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)
P.O. BOX 4153

Room/suite

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)* ▶$ 1,612,170.

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))

		(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	35,530.	35,530.		STATEMENT 1
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain or (loss) from sale of assets not on line 10	-26,320.			
	b Gross sales price for all assets on line 6a 550,855.				
	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	-3,512.	-3,512.		STATEMENT 2
	12 **Total.** Add lines 1 through 11	5,698.	32,018.		
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	20,000.	0.		20,000.
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits	17,096.	0.		17,096.
	16a Legal fees				
	b Accounting fees STMT 3	2,810.	0.		2,810.
	c Other professional fees				
	17 Interest				
	18 Taxes STMT 4	953.	223.		0.
	19 Depreciation and depletion	345.	0.		
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses STMT 5	2,899.	1,423.		1,053.
	24 **Total operating and administrative expenses.** Add lines 13 through 23	44,103.	1,646.		40,959.
	25 Contributions, gifts, grants paid	38,155.			38,155.
	26 **Total expenses and disbursements.** Add lines 24 and 25	82,258.	1,646.		79,114.
	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-76,560.			
	b **Net investment income** (if negative, enter -0-)		30,372.		
	c **Adjusted net income** (if negative, enter -0-)			N/A	

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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	35,760.	467,491.	467,491.
	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	1,484,876.	1,172,591.	975,383.
	c	Investments - corporate bonds STMT 7	142,397.	41,193.	41,416.
	11	Investments - land, buildings, and equipment basis ▶			
		Less accumulated depreciation ▶			
	12	Investments - mortgage loans			
	13	Investments - other STMT 8	261,648.	171,920.	127,190.
	14	Land, buildings, and equipment: basis ▶ 2,195.			
		Less accumulated depreciation STMT 9 ▶ 1,505.	1,035.	690.	690.
	15	Other assets (describe ▶)	4,729.	0.	0.
	16	**Total assets** (to be completed by all filers)	1,930,445.	1,853,885.	1,612,170.
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 ▶ DUE TO LISA KATES)	300.	300.	
	23	**Total liabilities** (add lines 17 through 22)	300.	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	1,930,145.	1,853,585.	
	30	**Total net assets or fund balances**	1,930,145.	1,853,585.	
	31	**Total liabilities and net assets/fund balances**	1,930,445.	1,853,885.	

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	1,930,145.
2	Enter amount from Part I, line 27a	2	-76,560.
3	Other increases not included in line 2 (itemize) ▶	3	0.
4	Add lines 1, 2, and 3	4	1,853,585.
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	1,853,585.

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	VARIOUS	07/01/12
b	SEE ATTACHED	P	VARIOUS	07/01/12
c	SEE ATTACHED	P	VARIOUS	07/01/12
d	SEE ATTACHED	P	VARIOUS	07/01/12
e	CAPITAL GAINS DIVIDENDS			

	(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	131,998.		89,253.	42,745.
b	45,915.		39,744.	6,171.
c	126,456.		82,100.	44,356.
d	246,445.		366,078.	-119,633.
e	41.			41.

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				42,745.
b				6,171.
c				44,356.
d				-119,633.
e				41.

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 -26,320.

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 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	60,943.	1,532,693.	.039762
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

2	**Total** of line 1, column (d)	2	.291132
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	.058226
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	1,565,539.
5	Multiply line 4 by line 3	5	91,155.
6	Enter 1% of net investment income (1% of Part I, line 27b)	6	304.
7	Add lines 5 and 6	7	91,459.
8	Enter qualifying distributions from Part XII, line 4	8	79,114.

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	607.
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	607.
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	607.
6 Credits/Payments:				
a 2012 estimated tax payments and 2011 overpayment credited to 2012	6a	640.		
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	640.
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	
10 **Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	33.
11 Enter the amount of line 10 to be: **Credited to 2013 estimated tax** ▶ 33. **Refunded** ▶			11	0.

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 2012 or the taxable year beginning in 2012 (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

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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 ▶ WWW.KATES-FOUNDATION.ORG/

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 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		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 2012?	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 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 ▶ ______ , ______ , ______ , ______			
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 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.)* 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 2012?	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 | | 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	20,000.	15,475.	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	1,326,569.
b	Average of monthly cash balances		1b	262,811.
c	Fair market value of all other assets		1c	
d	**Total** (add lines 1a, b, and c)		1d	1,589,380.
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	1,589,380.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)		4	23,841.
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4		5	1,565,539.
6	**Minimum investment return.** Enter 5% of line 5		6	78,277.

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	78,277.
2a	Tax on investment income for 2012 from Part VI, line 5	2a 607.		
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b		
c	Add lines 2a and 2b		2c	607.
3	Distributable amount before adjustments. Subtract line 2c from line 1		3	77,670.
4	Recoveries of amounts treated as qualifying distributions		4	0.
5	Add lines 3 and 4		5	77,670.
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	77,670.

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	79,114.
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	79,114.
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	79,114.

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				77,670.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			39,015.	
b Total for prior years: ______ , ______ , ______		0.		
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	0.			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ $ 79,114.				
a Applied to 2011, but not more than line 2a			39,015.	
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 2012 distributable amount				40,099.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 (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 2011. Subtract line 4a from line 2a. Taxable amount - see instr.			0.	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2013				37,571.
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 2007 not applied on line 5 or line 7	0.			
9 **Excess distributions carryover to 2013** Subtract lines 7 and 8 from line 6a	0.			
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				

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12-05-12

Form **990-PF** (2012)

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 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			
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	(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 or e-mail of the person to whom applications should be addressed:

SEE STATEMENT 10

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				
LOVELAND CENTER 157 SOUTH HAVANA RD VENICE, FL 34292	NONE	509(A)(1)	GENERAL	5,000.
FAMILY NETWORK ON DISABILITIES P.O. BOX 110025 BRADENTON, FL 34211	NONE	509(A)(1)	GENERAL	5,000.
GIRLS INC. 201 S TUTTLE AVE SARASOTA, FL 34237	NONE	509(A)(1)	SOCIAL WORKER	5,000.
BOYS AND GIRLS CLUB 3100 FRUITVILLE RD SARASOTA, FL 34237	NONE	509(A)(2)	TUTORING CENTER	2,500.
BIG BROTHERS AND BIG SISTERS 2831 RINGLING BLVD SARASOTA, FL 34237	NONE	509(A)(1)	GENERAL	500.
Total SEE CONTINUATION SHEET(S)			▶ 3a	38,155.
b Approved for future payment NONE				
Total			▶ 3b	0.

Form **990-PF** (2012)

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	35,530.	
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	-3,512.	
8 Gain or (loss) from sales of assets other than inventory			18	-26,320.	
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.		5,698.	0.

13 Total. Add line 12, columns (b), (d), and (e) 13 5,698.

(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).

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12-05-12

Form **990-PF** (2012)

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

4/17/13 Date

▶ Pres/Tres 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		4/16/13		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

Part XV **Supplementary Information**

3 Grants and Contributions Paid During the Year (Continuation)

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
TAKE STOCK IN CHILDREN P.O. BOX 48186 SARASOTA, FL 34230	NONE	509(A)(1)	GENERAL	5,000.
WOMEN'S RESOURCE CENTER 340 S TUTTLE AVE SARASOTA, FL 34237	NONE	509(A)(1)	TRAINING	5,000.
CIRCUS SARASOTA 2075 BAHIA VISTA ST SARASOTA, FL 34239	NONE	SCHOOL	BIG TOP EDUCATION	5,000.
CHILDREN FIRST 1723 N ORANGE AVE SARASOTA, FL 34234	NONE	509(A)(2)	MANIPULATIVES FOR EMMA BOOKER CENTER	1,500.
ALL FAITHS FOOD BANK 8171 BLAIKIE CT SARASOTA, FL 34240	NONE	509(A)(1)	GENERAL	2,155.
EASTER SEALS 350 BRADEN AVE SARASOTA, FL 34243	NONE	509(A)(1)	GENERAL	1,500.
Total from continuation sheets				20,155.

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05-01-12

2012 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.	167.		15.	182.
3	FAX MACHINE	08/08/05	SL	7.00		16	305.				305.	282.		23.	305.
4	IMAC	03/31/10	SL	5.00		16	1,534.				1,534.	537.		307.	844.
	* TOTAL 990-PF PG 1 DEPR						2,195.				2,195.	1,160.		345.	1,505.

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05-01-12

(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
ENERGY TRANSFER PARTNERS LP	485.	0.	485.
MORGAN STANLEY	35,068.	41.	35,027.
POWER SHARES DB AGRICULTURE FUND K-1	18.	0.	18.
TOTAL TO FM 990-PF, PART I, LN 4	35,571.	41.	35,530.

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	-2,927.	-2,927.	
POWER SHARES DB AGRICULTURE FUND	-585.	-585.	
TOTAL TO FORM 990-PF, PART I, LINE 11	-3,512.	-3,512.	

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	2,810.	0.		2,810.
TO FORM 990-PF, PG 1, LN 16B	2,810.	0.		2,810.

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	223.	223.		0.
EXCISE TAX	730.	0.		0.
TO FORM 990-PF, PG 1, LN 18	953.	223.		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	667.	0.		667.
OFFICE	181.	0.		181.
ANNUAL REPORT	61.	0.		61.
ADMINISTRATIVE FEES	1,423.	1,423.		0.
WEBSITE	144.	0.		144.
PENALTIES	423.	0.		0.
TO FORM 990-PF, PG 1, LN 23	2,899.	1,423.		1,053.

FORM 990-PF CORPORATE STOCK STATEMENT 6

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
COMMON STOCK (SEE ATTACHED)	1,089,283.	900,218.
PREFERRED STOCK (SEE ATTACHED)	83,308.	75,165.
TOTAL TO FORM 990-PF, PART II, LINE 10B	1,172,591.	975,383.

FORM 990-PF CORPORATE BONDS STATEMENT 7

DESCRIPTION	BOOK VALUE	FAIR MARKET VALUE
CORPORATE BONDS (SEE ATTACHED)	41,193.	41,416.
TOTAL TO FORM 990-PF, PART II, LINE 10C	41,193.	41,416.

FORM 990-PF OTHER INVESTMENTS STATEMENT 8

DESCRIPTION	VALUATION METHOD	BOOK VALUE	FAIR MARKET VALUE
MUTUAL FUNDS (SEE ATTACHED)	COST	171,920.	127,190.
TOTAL TO FORM 990-PF, PART II, LINE 13		171,920.	127,190.

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.	182.	0.
FAX MACHINE	305.	305.	0.
IMAC	1,534.	844.	690.
TOTAL TO FM 990-PF, PART II, LN 14	2,195.	1,505.	690.

FORM 990-PF GRANT APPLICATION SUBMISSION INFORMATION STATEMENT 10
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 MARCH 29 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.

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization 990-PF
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2012

Attachment Sequence No 179

Name(s) shown on return	Business or activity to which this form relates	Identifying number
KATES FOUNDATION, INC.	FORM 990-PF PAGE 1	65-0401513

Part I **Election To Expense Certain Property Under Section 179 Note:** *If you have any listed property, complete Part V before you complete Part I*

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	2,000,000.
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6 (a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property. Enter the amount from line 29	7			
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7			8	
9	Tentative deduction Enter the **smaller** of line 5 or line 8			9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562			10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5			11	
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11			12	
13	Carryover of disallowed deduction to 2013 Add lines 9 and 10, less line 12 ▶	13			

Note: *Do not use Part II or Part III below for listed property Instead, use Part V*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	345.

Part III **MACRS Depreciation (Do not** include listed property) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property	/		27 5 yrs	MM	S/L	
	/		27 5 yrs	MM	S/L	
i Nonresidential real property	/		39 yrs	MM	S/L	
	/			MM	S/L	

Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year	/		40 yrs	MM	S/L	

Part IV **Summary** (See instructions.)

21	Listed property Enter amount from line 28			21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr			22	345.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23			

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12-28-12 LHA **For Paperwork Reduction Act Notice, see separate instructions.**

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* **only** 24a, 24b, columns (a) *through (c) of Section A, all of Section B, and Section C if applicable*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles*)

24a Do you have evidence to support the business/investment use claimed? ☐ **Yes** ☐ **No** **24b** If "Yes," is the evidence written? ☐ **Yes** ☐ **No**

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use						25		
26 Property used more than 50% in a qualified business use								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
30 Total business/investment miles driven during the year (**do not** include commuting miles)												
31 Total commuting miles driven during the year												
32 Total other personal (noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year					
43 Amortization of costs that began before your 2012 tax year				43	
44 **Total.** Add amounts in column (f) See the instructions for where to report				44	

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization 990-PF

(Including Information on Listed Property)

▶ **See separate instructions.** ▶ **Attach to your tax return.**

OMB No 1545-0172

2012

Attachment Sequence No **179**

Name(s) shown on return	Business or activity to which this form relates	Identifying number
KATES FOUNDATION, INC.	FORM 990-PF PAGE 1	65-0401513

Part I **Election To Expense Certain Property Under Section 179** **Note:** *If you have any listed property, complete Part V before you complete Part I.*

1	Maximum amount (see instructions)	1	500,000.
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	2,000,000.
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost

7	Listed property Enter the amount from line 29	7	
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction Enter the **smaller** of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2011 Form 4562	10	
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11	12	
13	Carryover of disallowed deduction to 2013. Add lines 9 and 10, less line 12 ▶	13	

Note: *Do not use Part II or Part III below for listed property Instead, use Part V*

Part II **Special Depreciation Allowance and Other Depreciation (Do not** include listed property)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	345.

Part III **MACRS Depreciation (Do not** include listed property.) (See instructions)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2012	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ▶ ☐		

Section B - Assets Placed in Service During 2012 Tax Year Using the General Depreciation System

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs.		S/L	
h	Residential rental property	/		27 5 yrs	MM	S/L	
		/		27 5 yrs.	MM	S/L	
i	Nonresidential real property	/		39 yrs	MM	S/L	
		/			MM	S/L	

Section C - Assets Placed in Service During 2012 Tax Year Using the Alternative Depreciation System

20a	Class life					S/L	
b	12-year			12 yrs.		S/L	
c	40-year	/		40 yrs.	MM	S/L	

Part IV **Summary** (See instructions.)

21	Listed property. Enter amount from line 28	21	
22	**Total.** Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations - see instr.	22	345.
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

216251 12-28-12 LHA **For Paperwork Reduction Act Notice, see separate instructions.** Form **4562** (2012)

Part V **Listed Property** (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement)

Note: *For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete* **only** *24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.*

Section A - Depreciation and Other Information (Caution: *See the instructions for limits for passenger automobiles.*)

24a Do you have evidence to support the business/investment use claimed? ☐ Yes ☐ No **24b** If "Yes," is the evidence written? ☐ Yes ☐ No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
25 Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use						25		
26 Property used more than 50% in a qualified business use.								
		%						
		%						
		%						
27 Property used 50% or less in a qualified business use								
		%				S/L -		
		%				S/L -		
		%				S/L -		
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28		
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29	

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

	(a) Vehicle	(b) Vehicle	(c) Vehicle	(d) Vehicle	(e) Vehicle	(f) Vehicle
30 Total business/investment miles driven during the year (**do not** include commuting miles)						
31 Total commuting miles driven during the year						
32 Total other personal (noncommuting) miles driven						
33 Total miles driven during the year Add lines 30 through 32						

	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
34 Was the vehicle available for personal use during off-duty hours?												
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons

	Yes	No
37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use?		

Note: *If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles*

Part VI **Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2012 tax year:					
43 Amortization of costs that began before your 2012 tax year				43	
44 **Total.** Add amounts in column (f). See the instructions for where to report				44	

Holdings

KATES FOUNDATION INC.
MENA L. KATES

STOCKS

COMMON STOCKS

Morgan Stanley & Co LLC (Morgan Stanley), Citi Investment Research & Analysis (CIRA), 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 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 Morgan Stanley and CIRA, 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 quarter month-end statement (or your first statement, if you have not yet received a statement at the quarter-end) for a summary guide describing Morgan Stanley, CIRA and Standard & Poor's ratings Morgan Stanley Smith Barney LLC does not take responsibility for, and does not guarantee the accuracy, completeness, or timeliness of research prepared for Standard & Poor's

Security Description	Trade Date	Quantity	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income	Dividend Yield %
ALCATEL-LUCENT ADS (ALU)	1/7/00	488.000	$272.926	$133,188.01	**$678.32**	$(132,509.69) LT 1	—	—
Share Price: $1.390; Rating: S&P: 2				<30276.38>				
ALCOA INC (AA)	5/25/11	3,000.000	16.552	49,654.79	**26,040.00**	(23,614.79) LT	360.00	1.38
Share Price: $8.680; Rating: Morgan Stanley: 1, Citigroup. 2, S&P: 1; Next Dividend Payable 02/2013								
ALPINE GLOBAL PREMIER PPTY FD (AWP)	4/25/07	3,000.000	19.676	59,028.00	21,839.99	(37,188.01) LT		
	12/31/10	131.001	7.086	928.27	953.68	25.41 LT		
	Purchases	3,131.001		59,956.27	**22,793.67**	(37,162.60) LT		
Long Term Reinvestments		43.669		748.63	317.91	(430.72) LT		
	Total	3,174.670		60,704.90	**23,111.59**	(37,593.32) LT	1,904.80	8.24
Share Price: $7.280; Next Dividend Payable 01/2013								
BANK OF AMERICA CORP (BAC)	7/26/10	2,500.000	14.430	36,074.23	**29,025.00**	(7,049.23) LT	100.00	0.34
Share Price· $11.610; Rating. Morgan Stanley: 2, Citigroup· 2, S&P. 3; Next Dividend Payable 03/2013								
BRISTOL MYERS SQUIBB CO (BMY)	9/8/93	2,000.000	14.158	28,315.00	**65,180.00**	36,865.00 LT 1	2,800.00	4.29
Share Price· $32.590; Rating: Morgan Stanley. 2, Citigroup: 2, S&P. 2; Next Dividend Payable 02/2013				+ .43				
CARDINAL HEALTH INC (CAH)	10/14/99	750.000	22.666	16,999.71	30,885.00	13,885.29 LT 1		
	10/14/99	750.000	22.490	16,867.13	30,885.00	14,017.87 LT 1		
	Total	1,500.000		33,866.84	**61,770.00**	27,903.16 LT	1,650.00	2.67
Share Price: $41.180; Rating: Morgan Stanley: 1, Citigroup 1, S&P. 1; Next Dividend Payable 01/15/13				+ 60.49				
CISCO SYS INC (CSCO)	11/14/00	800.000	53.268	42,614.47	15,719.52	(26,894.95) LT 1		
	11/14/00	2,000.000	53.265	106,530.48	39,298.80	(67,231.68) LT 1		
	9/25/01	1,500.000	12.895	19,342.32	29,474.10	10,131.78 LT 1		
	Total	4,300.000		168,487.27	**84,492.42**	(83,994.85) LT	2,408.00	2.84
Share Price: $19.649, Rating. Morgan Stanley: 1, Citigroup. 1, S&P. 1; Next Dividend Payable 03/2013								
CITIGROUP INC NEW (C)	2/21/06	100.000	467.249	46,724.90	3,956.00	(42,768.90) LT		
	1/18/11	500.000	49.663	24,831.40	19,780.00	(5,051.40) LT		

CONTINUED

KATES FOUNDATION, INC.
65-0401513

Morgan Stanley

CLIENT STATEMENT | For the Period December 1-31, 2012

Holdings

KATES FOUNDATION INC.
MENA L. KATES

STOCKS

COMMON STOCKS (CONTINUED)

Security Description	Trade Date	Quantity	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income	Dividend Yield %
	Total	600.000		71,556.30	**23,736.00**	(47,820.30) LT	24.00	0.10
Share Price· $39.560; Rating: Morgan Stanley. 1, S&P· 1; Next Dividend Payable 02/2013								
COLGATE PALMOLIVE CO (CL)	10/26/11	500.000	90.811	45,405.33	**52,270.00**	6,864.67 LT	1,240.00	2.37
Share Price. $104.540; Rating. Morgan Stanley. 1, Citigroup: 2, S&P. 1; Next Dividend Payable 02/2013								
ENERGY TRANSFER PARTNERS L P (ETP)	8/24/07	1,000.000	55.446	55,445.54	**42,930.00**	(12,515.54) LT	3,575.00	8.32
Share Price: $42.930; Rating: Morgan Stanley: 2, S&P. 1; Next Dividend Payable 02/2013				<37442.54> to ADJ TO K-1 BASIS				
FORD MOTOR CO NEW (F)	12/21/94	3,496.000	9.692	33,884.14	45,273 20	11,389.06 LT 1		
	2/15/95	1,748.000	9.329	16,306.86	22,636.60	6,329.74 LT 1		
	Total	5,244.000		50,191.00	**67,909.80**	17,718.80 LT	1,048.80	1.54
Share Price: $12.950; Rating: Morgan Stanley. 1, Citigroup: 1H, S&P: 1; Next Dividend Payable 03/2013								
GENERAL CABLE CP DEL NEW (BGC)	10/26/11	2,000.000	27.081	54,162.52	**60,820.00**	6,657.48 LT	—	—
Share Price· $30.410								
GENERAL ELECTRIC CO (GE)	9/25/08	2,000.000	24.468	48,936.18	41,980.00	(6,956.18) LT		
	3/13/09	2,000.000	10.173	20,346.06	41,980.00	21,633.94 LT		
	10/26/11	1,000.000	16.760	16,760.30	20,990.00	4,229.70 LT		
	Total	5,000.000		86,042.54	**104,950.00**	18,907 46 LT	3,800.00	3.62
Share Price. $20.990, Rating: Morgan Stanley: 2, Citigroup: 1, S&P. 2, Next Dividend Payable 01/25/13								
HOME DEPOT INC (HD)	11/19/02	500.000	25.175	12,587.33	**30,925.00**	18,337.67 LT 1	580.00	1.87
Share Price. $61.850; Rating: Morgan Stanley: 2, Citigroup: 1, S&P: 3; Next Dividend Payable 03/2013								
KELLOGG CO (K)	1/25/10	1,000.000	55.239	55,238.94	**55,850.00**	611.06 LT	1,760.00	3.15
Share Price. $55.850; Rating: Morgan Stanley. 2, Citigroup. 1, S&P: 1; Next Dividend Payable 03/2013								
MICROSOFT CORP (MSFT)	11/18/05	1,000.000	28.267	28,266.50	**26,709.70**	(1,556.80) LT	920.00	3.44
Share Price. $26.710, Rating: Morgan Stanley. 1, Citigroup. 1, S&P. 1, Next Dividend Payable 03/2013								
PENN WEST PETE LTD NEW (PWE)	1/18/11	1,000.000	26.034	26,034.18	**10,860.00**	(15,174.18) LT	1,084.00	9.98
Share Price. $10.860, Next Dividend Payable 01/15/13								
PETROLEO BRAS SA ADS (PBR)	9/25/08	1,000.000	47.806	47,805.79	**19,470.00**	(28,335.79) LT	110.00	0.56
Share Price. $19.470, Rating. Morgan Stanley. 1, Citigroup. 1, S&P: 2								
POWERSHARES DB AGRICULTURE FD (DBA)	10/26/11	1,000.000	31.378	31,377.68	**27,950.00**	(3,427.68) LT	—	—
Share Price. $27.950				<2632.68> to ADJ TO K-1 BASIS				
THE ST. JOE COMPANY (JOE)	5/8/06	750.000	53.430	40,072 29	**17,310.00**	(22,762.29) LT	—	—
Share Price: $23.080								
WAL MART STORES INC (WMT)	2/25/00	1,000.000	45.097	45,096.55	**68,230.00**	23,133.45 LT 1	1,590.00	2.33
Share Price: $68.230, Rating· Morgan Stanley: 2, Citigroup. 1, S&P· 1, Next Dividend Payable 03/2013								

Morgan Stanley

CLIENT STATEMENT | For the Period December 1-31, 2012

KATES FOUNDATION INC.
MENA L. KATES

Holdings

COMMON STOCKS	$1,159,573.53	$900,217.83	$(259,355.71) LT	$24,954.60 $0.00	2.77%
Various adj	<70,290.68>				
	1,089,282.85				

STOCKS

PREFERRED STOCKS

Security Description	Trade Date	Quantity	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income	Dividend Yield %
GENL MTRS CO B MAND CV JR PFD (GM.B)	5/25/11	1,000.000	$49.817	$49,817.06	$44,130.00	$(5,687.06) LT	$2,375.00	5.38
Share Price: $44.130, Convertible; Next Dividend Payable 03/2013								
GOLDMAN SACHS GRP INC FLTG RT (GS.A)	1/25/10	1,500 000	22.327	33,490.98	31,035.00	(2,455.98) LT	1,485.00	4 78
Share Price. $20.690, Moody BA2 S&P BB+; Next Dividend Payable 02/2013								
PREFERRED STOCKS				$83,308.04	$75,165.00	$(8,143.04) LT	$3,860.00 $0.00	5.13%

	Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income Accrued Interest	Yield %
STOCKS	60.5%	$1,242,881.57	$975,382.83	$(267,498.75) LT	$28,814.60 $0.00	2.95%

CORPORATE FIXED INCOME

CORPORATE BONDS

Security Description	Trade Date	Face Value	Orig. Unit Cost Adj. Unit Cost	Orig. Total Cost Adj. Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income Accrued Interest	Yield %
MORGAN STANLEY	10/24/12	40,000.000	$103.023	$41,209.30			$1,950.00	4.70
CUSIP 6174824M3			$102.982	$41,192.60	$41,415.60	$223.00 ST	$368.33	
Unit Price. $103.539, Coupon Rate 4.875%; Matures 11/01/2022, Int. Semi-Annually May/Nov 01, Yield to Maturity 4.427%, First Coupon 05/01/13, Moody BAA2 S&P BBB+; Issued 10/23/12								
ESCROW GENERAL MOTORS	—	100,000.000	—	Please Provide			—	—
CUSIP 370ESCBT1 Shares cancelled on 3/31/11			—	Please Provide — 0 —	0.00	N/A	—	
Unit Price. $0.000, Coupon Rate 8.375%; Matures 07/15/2033, Int. Semi-Annually Jan/Jul 15; In Default; Issued 07/03/03								
CORPORATE BONDS		140,000.000		$41,209.30 $41,192.60	$41,415.60	$0.00 LT $223.00 ST	$1,950.00 $368.33	4.71%

FIXED-RATE CAPITAL SECURITIES

Security Description	Trade Date	Face Value	Orig. Unit Cost Adj. Unit Cost	Orig. Total Cost Adj. Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income Accrued Interest	Yield %
GENERAL MOTORS CORP CV SER B	—	1,600.000	—	Please Provide			—	—
ESCROW Shares Cancelled on 3/31/11			—	Please Provide — 0 —	$0.00	N/A	—	
Unit Price: $0.000, Coupon Rate 5.250%; Matures 03/06/2032, Interest Paid at Maturity, Convertible								

Holdings

	Face Value Percentage of Assets %	Orig Total Cost Adj Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income Accrued Interest	Yield %
CORPORATE FIXED INCOME	140,000,000	$41,209.30 $41,192.60	$41,415.60	$0.00 LT $223.00 ST	$1,950.00 $368.33	4.71%
TOTAL CORPORATE FIXED INCOME (incl accr.int.)	2.6%		$41,783.93			

MUTUAL FUNDS

OTHER MUTUAL FUNDS

"Total Purchases vs Market Value" is provided to assist you in comparing your "Total Purchases," excluding reinvested distributions, with the current value of the mutual fund positions in your account.

"Cumulative Cash Distributions" when shown, may reflect distributions on shares no longer held in the account. It may not reflect all distributions received in cash, due to but not limited to the following investments made prior to addition of this information on statements, securities transfers, timing of recent distributions, and certain adjustments made in your account

"Net Value Increase/ (Decrease)" reflects the difference between your total purchases, plus the cash distributions shown, and the current value of the fund's shares This calculation is for informational purposes only and does not reflect your total unrealized gain or loss nor should it be used for tax purposes.

Security Description	Trade Date	Quantity	Unit Cost	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income	Dividend Yield %
COHEN & STEERS PREF SEC&INC C (CPXCX)	5/25/11	3,189.793	$12.485	$39,825.80	$42,392.34	$2,566.54 LT		
	Purchases	3,189.793		39,825.80	**42,392.34**	2,566.54 LT		
Short Term Reinvestments		11.868		156.30	157.72	1.42 ST		
	Total	3,201.661		39,982.10	**42,550.07**	2,566.54 LT 1.42 ST	2,350.00	5.52
Total Purchases vs Market Value				39,825.80	42,550.07			
Cumulative Cash Distributions					3,907.55			
Net Value Increase/(Decrease)					6,631.82			
Share Price- $13.290; Dividend Cash; Capital Gains Reinvest								
LEGG MASON CAP MGMT VAL C (LMVTX)	2/24/06	1,673.458	68.720	115,000.00	71,389.71	(43,610.29) LT		
	Purchases	1,673 458		115,000.00	**71,389.71**	(43,610.29) LT		
Long Term Reinvestments		297.634		16,388.69	12,697.06	(3,691.63) LT		
Short Term Reinvestments		12.965		549.08	553.08	4 00 ST		
	Total	1,984.057		131,937.77	**84,639.87**	(47,301 92) LT 4.00 ST	554.00	0.65
Total Purchases vs Market Value				115,000.00	84,639.87			
Net Value Increase/(Decrease)					(30,360.13)			
Share Price: $42 660; Enrolled In MS Dividend Reinvestment; Capital Gains Reinvest								

KATES FOUNDATION INC.
MENA L. KATES

Holdings

	Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income *Accrued Interest*	Yield %
MUTUAL FUNDS	7.9%	$171,919.87	$127,189.94	$(44,735.38) LT	$2,904.00	2.28%
				[illegible]	[illegible]	

Transactions in mutual fund positions held directly at the Fund Company are not included in the total above and are not reflected on the Summary Page.
For more information about the pricing of Money Market Funds, please see the Expanded Disclosures.

	Percentage of Assets %	Total Cost	Market Value	Unrealized Gain/(Loss)	Estimated Annual Income *Accrued Interest*	Yield %
TOTAL MARKET VALUE	100.0%	$1,455,994.04	$1,611,479.24	$(312,234.13) LT	$33,715.33	2.09%
				$228.42 ST	$368.33	

TOTAL VALUE (includes accrued interest) $1,611,847.57

1 - This information reflects your requested adjustments to the transaction details.
Unrealized Gain/(Loss) totals only reflect positions that have cost basis and/or market value information available. Cash, MMF, Deposits and positions stating 'Please Provide' are not included.

Morgan Stanley

Corporate Tax Statement
Tax Year 2012

Morgan Stanley Smith Barney Holdings LLC
Harborside Financial Center
Plaza 2 2nd Floor
Jersey City, NJ 07311
Identification Number: 26-4310632

KATES FOUNDATION INC.
MENA L. KATES
PO BOX 4153
SARASOTA FL 34230-4153

Taxpayer ID Number: 65-0401513

Customer Service: 866-324-6088

This information is NOT being furnished to the Internal Revenue Service. It is provided to you for informational purposes only.

1099-B PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS (continued)

OMB NO. 1545-0715

Gross Proceeds less commissions and option premiums on stocks, bonds, etc.

Short Term - Noncovered Securities # (Consider Box 6a (Noncovered Security) as being checked for this section. These transactions should be reported on Form 8949 Part I with box B checked.) (Continued)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
Total Short Term Noncovered Securities				**$45,914.71**	**$39,744.30**	**$0.00**	**$6,170.41**	**$0.00**
Total Short Term Covered and Noncovered Securities				**$177,913.02**	**$128,997.30**	**$0.00**	**$48,915.72**	**$0.00**

Long Term - Covered Securities (Consider Box 6b (Basis Reported to IRS) as being checked for this section. These transactions should be reported on Form 8949 Part II with box A checked.)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
PFIZER INC		CUSIP: 717081103	Symbol (Box 1d): PFE					
	1,500.000	01/18/11	09/28/12	$36,456.87	$27,998.89	$0 00	$8,457.98	$0.00
VISA INC CL A		CUSIP: 92826C839	Symbol (Box 1d): V					
	750.000	01/18/11	04/20/12	$89,998.85	$54,101.15	$0.00	$35,897.70	$0.00
Total Long Term Covered Securities				**$126,455.72**	**$82,100.04**	**$0.00**	**$44,355.68**	**$0.00**

Long Term - Noncovered Securities # (Consider Box 6a (Noncovered Security) as being checked for this section. These transactions should be reported on Form 8949 Part II with box B checked.)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
BRISTOL MYERS SQUIBB CO		CUSIP: 110122108	Symbol (Box 1d): BMY					
	2,000 000	09/08/93	09/28/12	$66,315.27	$28,315 00	$0.00	$38,000 27	$0.00

CONTINUED ON NEXT PAGE

Morgan Stanley

Corporate Tax Statement
Tax Year 2012

KATES FOUNDATION INC.
MENA L. KATES
PO BOX 4153
SARASOTA FL 34230-4153

Morgan Stanley Smith Barney Holdings LLC
Harborside Financial Center
Plaza 2 2nd Floor
Jersey City, NJ 07311

Identification Number: 26-4310632

Taxpayer ID Number: 65-0401513

Customer Service: 866-324-6088

This information is NOT being furnished to the Internal Revenue Service. It is provided to you for informational purposes only.

1099-B PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS (continued)

OMB NO. 1545-0715

Gross Proceeds less commissions and option premiums on stocks, bonds, etc.

Long Term - Noncovered Securities # (Consider Box 6a (Noncovered Security) as being checked for this section. These transactions should be reported on Form 8949 Part II with box B checked.)
(Continued)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
FREDDIE MAC 8.375% SERIES Z	CUSIP: 313400624		Symbol (Box 1d): FMCKJ					
	2,000.000	02/28/08	08/23/12	$1,653.46	$53,310.00	$0.00	($51,656.54)	$0.00
GENERAL MOTORS CO WTS 071016	CUSIP: 37045V118		Symbol (Box 1d): GM"A					
	146.000	02/28/02	08/23/12	$1,744.72	$12,204.00	$0.00	($10,459.28)	$0.00
	367.000	01/14/05	08/23/12	$4,385.70	$31,121.73	$0.00	($26,736.03)	$0.00
Security Subtotal	513.000			$6,130.42	$43,325.73	$0.00	($37,195.31)	$0.00
GENERAL MOTORS CO WTS 071019	CUSIP: 37045V126		Symbol (Box 1d): GM"B					
	146.000	02/28/02	08/23/12	$1,039.67	$9,468.00	$0.00	($8,428.33)	$0.00
	367.000	01/14/05	08/23/12	$2,613.41	$24,144.58	$0.00	($21,531.17)	$0.00
Security Subtotal	513.000			$3,653.08	$33,612.58	$0.00	($29,959.50)	$0.00
GENERAL MTRS CO	CUSIP: 37045V100		Symbol (Box 1d): GM					
	161.000	02/28/02	09/28/12	$3,565.93	$18,328.00	$0.00	($14,762.07)	$0.00
	405.000	01/14/05	09/28/12	$8,970.21	$46,738.69	$0.00	($37,768.48)	$0.00
Security Subtotal	566.000			$12,536.14	$65,066.69	$0.00	($52,530.55)	$0.00
GTE CORP 6840 18AP15	CUSIP: 362320AZ6		Symbol (Box 1d):					
	40,000.000	10/09/02	04/23/12	$49,039.90	$40,128.33	$0.00	$8,911.57	$0.00
HOME DEPOT INC	CUSIP: 437076102		Symbol (Box 1d): HD					
	500.000	11/19/02	04/20/12	$25,136.97	$12,587.33	$0.00	$12,549.64	$0.00
THE ST. JOE COMPANY	CUSIP: 790148100		Symbol (Box 1d): JOE					
	750.000	05/08/06	09/28/12	$14,433.20	$40,072.29	$0.00	($25,639.09)	$0.00

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IMPORTANT TAX INFORMATION -- PLEASE RETAIN FOR YOUR RECORDS

Morgan Stanley

Corporate Tax Statement
Tax Year 2012

KATES FOUNDATION INC.
MENA L. KATES
PO BOX 4153
SARASOTA FL 34230-4153

Morgan Stanley Smith Barney Holdings LLC
Harborside Financial Center
Plaza 2 2nd Floor
Jersey City, NJ 07311
Identification Number: 26-4310632

Taxpayer ID Number: 65-0401513

Customer Service: 866-324-6088

This information is NOT being furnished to the Internal Revenue Service. It is provided to you for informational purposes only.

1099-B PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS (continued) OMB NO. 1545-0715

Gross Proceeds less commissions and option premiums on stocks, bonds, etc.

Long Term - Noncovered Securities # (Consider Box 6a (Noncovered Security) as being checked for this section. These transactions should be reported on Form 8949 Part II with box B checked.)
(Continued)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
WASTE MGMT INC (DELA)	CUSIP: 94106L109		Symbol (Box 1d): WM					
	2,000.000	03/13/09	08/23/12	$67,546.69	$49,659.86	$0.00	$17,886.83	$0.00
Total Long Term Noncovered Securities				**$246,445.13**	**$366,077.81**	**$0.00**	**($119,632.68)**	**$0.00**
Total Long Term Covered and Noncovered Securities				**$372,900.85**	**$448,177.85**	**$0.00**	**($75,277.00)**	**$0.00**
Total Short and Long Term, Covered and Noncovered Securities				**$550,813.87**	**$577,175.15**	**$0.00**	**($26,361.28)**	**$0.00**

Form 1099-B Total Reportable Amounts

Total Sales Price (Box 2)	**$550,813.87**			
Total Cost or Other Basis (Box 3)		**$171,353.04**		
Total Wash Sale Loss Disallowed (Box 5)			**$0.00**	
Total Fed Tax Withheld (Box 4)				**$0.00**

Noncovered securities are not subject to the IRS cost basis reporting regulations, therefore their date of acquisition, cost basis, short or long term designation and any disallowed loss resulting from a wash sale will not be reported to the IRS.

Morgan Stanley

Corporate Tax Statement
Tax Year 2012

Morgan Stanley Smith Barney Holdings LLC
Harborside Financial Center
Plaza 2 2nd Floor
Jersey City, NJ 07311
Identification Number: 26-4310632

KATES FOUNDATION INC.
MENA L. KATES
PO BOX 4153
SARASOTA FL 34230-4153

Taxpayer ID Number: 65-0401513

Customer Service: 866-324-6088

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1099-B PROCEEDS FROM BROKER AND BARTER EXCHANGE TRANSACTIONS

OMB NO. 1545-0715

Gross Proceeds less commissions and option premiums on stocks, bonds, etc.

Short Term - Covered Securities

(Consider Box 6b (Basis Reported to IRS) as being checked for this section. These transactions should be reported on Form 8949 Part I with box A checked.)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
VISA INC CL A	CUSIP: 92826C839	Symbol (Box 1d): V						
	1,000.000	05/25/11	04/20/12	$119,998.46	$80,020.33	$0.00	$39,978.13	$0.00
	100.000	10/26/11	04/20/12	$11,999.85	$9,232.67	$0.00	$2,767.18	$0.00
Security Subtotal	1,100.000			$131,998.31	$89,253.00	$0.00	$42,745.31	$0.00
Total Short Term Covered Securities				**$131,998.31**	**$89,253.00**	**$0.00**	**$42,745.31**	**$0.00**

Short Term - Noncovered Securities

(Consider Box 6a (Noncovered Security) as being checked for this section. These transactions should be reported on Form 8949 Part I with box B checked.)

DESCRIPTION (Box 8)	QUANTITY (Box 1e)	DATE ACQUIRED (Box 1b)	DATE OF SALE (Box 1a)	SALES PRICE (Box 2a)	ADJUSTED COST OR OTHER BASIS (Box 3)	WASH SALE LOSS DISALLOWED (Box 5)	GAIN/(LOSS) AMOUNT	FEDERAL INCOME TAX WITHHELD (Box 4)
MORGAN STANLEY 5625 19SP23	CUSIP: 61747YCJ2	Symbol (Box 1d):						
	40,000.000	04/23/12	10/24/12	$43,939.90	$39,744 30	$0.00	$4,195.60	$0 00
MOTORS LIQ CO GUC TR UBI	CUSIP: 62010U101	Symbol (Box 1d): MTLQU						
	0.000	06/12/12	06/12/12	$8.16	$0.00	$0.00	$8.16	$0.00
	40.000	06/12/12	08/23/12	$553.99	$0.00	$0.00	$553.99	$0.00
	102.000	06/12/12	08/23/12	$1,412.66	$0.00	$0.00	$1,412.66	$0.00
Security Subtotal	142.000			$1,974.81	$0.00	$0.00	$1,974.81	$0.00

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