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Form

990-PF

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

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Information about Form 990-PF and its instructions is at www.irs.gov/form990pf.

OMB No 1545-0052

2013

Open to Public Inspection

For calendar year 2013, or tax year beginning 01-01-2013 , and ending 12-31-2013

Name of foundation FREDERICK O WATSON FOUNDATION		A Employer identification number 41-1625546	
Number and street (or P O box number if mail is not delivered to street address) 3100 WEST LAKE STREET		B Telephone number (see instructions) (612) 920-4077	
City or town, state or province, country, and ZIP or foreign postal code MINNEAPOLIS, MN 55416		C If exemption application is pending, check here ☐	
G Check all that apply ☐ Initial return ☐ Final return ☐ Address change ☐ Initial return of a former public charity ☐ Amended return ☐ 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) ☒ \$ 338,918		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ☐	
J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) _____ (Part I, column (d) must be on cash basis.)			

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)				
	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.	4,987	4,987		
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10				
	b Gross sales price for all assets on line 6a _____				
	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				
Operating and Administrative Expenses	b Less Cost of goods sold				
	c Gross profit or (loss) (attach schedule)				
	11 Other income (attach schedule)				
	12 Total. Add lines 1 through 11	4,987	4,987		
	13 Compensation of officers, directors, trustees, etc				
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule)				
	b Accounting fees (attach schedule)	575	575		
	c Other professional fees (attach schedule)				
	17 Interest	11	11		
	18 Taxes (attach schedule) (see instructions)	503	503		
	19 Depreciation (attach schedule) and depletion . . .				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	24 Total operating and administrative expenses. Add lines 13 through 23	1,089	1,089		0
	25 Contributions, gifts, grants paid	105,000			105,000
	26 Total expenses and disbursements. Add lines 24 and 25	106,089	1,089		105,000
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	-101,102			
	b Net investment income (if negative, enter -0-)		3,898		
	c Adjusted net income (if negative, enter -0-)				

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash—non-interest-bearing			
	2	Savings and temporary cash investments			
	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)			
	b	Investments—corporate stock (attach schedule)			
	c	Investments—corporate bonds (attach schedule).			
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	446,657	345,549	338,918
	14	Land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
15	Other assets (describe ▶ _____)				
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	446,657	345,549	338,918	
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	
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			
	28	Paid-in or capital surplus, or land, bldg , and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds	446,657	345,549	
	30	Total net assets or fund balances (see page 17 of the instructions)	446,657	345,549	
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	446,657	345,549	

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	446,657
2	Enter amount from Part I, line 27a	2	-101,102
3	Other increases not included in line 2 (itemize) ▶ _____	3	
4	Add lines 1, 2, and 3	4	345,555
5	Decreases not included in line 2 (itemize) ▶ _____	5	6
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	345,549

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)
1 a	See Attached	P	2012-04-05	2013-01-25
b	See Attached	P	2012-04-05	2013-04-25
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 13,827	0	13,827	0
b 109,109	0	109,115	-6
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 0	0	0	0
b 0	0	0	-6
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	-6
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 page 18 of 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))
2012	84,000	500,557	0 167813
2011	91,000	536,242	0 169700
2010	41,000	585,162	0 070066
2009	198,567	745,581	0 266325
2008	538,236	1,158,979	0 464405

2 Total of line 1, column (d).	2	1 138309
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 227662
4 Enter the net value of noncharitable-use assets for 2013 from Part X, line 5.	4	360,395
5 Multiply line 4 by line 3.	5	82,048
6 Enter 1% of net investment income (1% of Part I, line 27b).	6	39
7 Add lines 5 and 6.	7	82,087
8 Enter qualifying distributions from Part XII, line 4.	8	105,000

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 VIExcise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a		Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1		1	39
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)			
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	39
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	39
6		Credits/Payments			
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a			
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c	500		
d	Backup withholding erroneously withheld	6d			
7		Total credits and payments. Add lines 6a through 6d.		7	500
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	461
11		Enter the amount of line 10 to be Credited to 2014 estimated tax ☒ 40 Refunded ☒		11	421

Part VII-AStatements Regarding Activities

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	Yes	No
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)? <i>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.</i>	1b		No
c	Did the foundation file Form 1120-POL for this year?	1c		No
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? <i>If "Yes," attach a detailed description of the activities.</i>	2		No
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? <i>If "Yes," attach a conformed copy of the changes.</i>	3		No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	4a		No
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? <i>If "Yes," attach the statement required by General Instruction T.</i>	5		No
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	Yes	
7	Did the foundation have at least \$5,000 in assets at any time during the year? <i>If "Yes," complete Part II, col. (c), and Part XV.</i>	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions): ☒ MN			
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? <i>If "No," attach explanation.</i>	8b	Yes	
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 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? <i>If "Yes," complete Part XIV.</i>	9		No
10	Did any persons become substantial contributors during the tax year? <i>If "Yes," attach a schedule listing their names and addresses.</i>	10		No

Part VII-A

Statements Regarding Activities *(continued)*

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		No
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		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13		No
Website address N/A				
14	The books are in care of DOUGLAS F WATSON Telephone no (612) 920-4077 Located at 3100 WEST LAKE ST STE 215 MINNEAPOLIS MN ZIP +4 55416			
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		
16	At any time during calendar year 2013, 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	Yes	No
See 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 page 20 of the instructions)?. Organizations relying on a current notice regarding disaster assistance check here.	1b		
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 2013?.	1c		No
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 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013?. 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 2013 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 2013.).	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
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 2013?	4b		No

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a During the year did the foundation pay or incur any amount to				
(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?		☐ Yes	☒ No	
(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?		☐ Yes	☒ No	
(3) Provide a grant to an individual for travel, study, or other similar purposes?		☐ Yes	☒ No	
(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions).		☐ Yes	☒ No	
(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?		☐ Yes	☒ No	
b If any answer is "Yes" to 5a(1)–(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?		5b		
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		No
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
DOUGLAS F WATSON	PRESIDENT & TREASURE	0	0	0
310 WEST LAKME STREET STE 215 MINNEAPOLIS, MN 55416	5 00			
STEPHEN M WATSON	VP & SECRETARY	0	0	0
310 WEST LAKME STREET STE 215 MINNEAPOLIS, MN 55416	5 00			
2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."				
(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				
Total number of other employees paid over \$50,000.				0

Part VIII

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

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".		
(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		
Total number of others receiving over \$50,000 for professional services.		0

Part IX-A

Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1	
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 page 24 of the 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	365,883
b	Average of monthly cash balances.	1b	0
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	365,883
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	365,883
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	5,488
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	360,395
6	Minimum investment return. Enter 5% of line 5.	6	18,020

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	18,020
2a	Tax on investment income for 2013 from Part VI, line 5.	2a	39
b	Income tax for 2013 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	39
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	17,981
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	17,981
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	17,981

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	105,000
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	105,000
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	39
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	104,961
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 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				17,981
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only.				
b Total for prior years 20____, 20____, 20____				
3 Excess distributions carryover, if any, to 2013				
a From 2008.	481,515			
b From 2009.	162,587			
c From 2010.	11,973			
d From 2011.	64,451			
e From 2012.	59,475			
f Total of lines 3a through e.	780,001			
4 Qualifying distributions for 2013 from Part XII, line 4 ▶ \$ 105,000				
a Applied to 2012, but not more than line 2a				
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 2013 distributable amount.				17,981
e Remaining amount distributed out of corpus	87,019			
5 Excess distributions carryover applied to 2013 (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	867,020			
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 2012 Subtract line 4a from line 2a Taxable amount—see instructions				
f Undistributed income for 2013 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2014				0
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 2008 not applied on line 5 or line 7 (see instructions). . .	481,515			
9 Excess distributions carryover to 2014. Subtract lines 7 and 8 from line 6a	385,505			
10 Analysis of line 9				
a Excess from 2009. . . .	162,587			
b Excess from 2010. . . .	11,973			
c Excess from 2011. . . .	64,451			
d Excess from 2012. . . .	59,475			
e Excess from 2013. . . .	87,019			

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 2013, enter the date of the ruling.

b

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

☐ 4942(j)(3) or ☐ 4942(j)(5)

2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed	Tax year	Prior 3 years			(e) Total
		(a) 2013	(b) 2012	(c) 2011	(d) 2010	
b	85% of line 2a					
c	Qualifying distributions from Part XII, line 4 for each year listed					
d	Amounts included in line 2c not used directly for active conduct of exempt activities					
e	Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c					
3	Complete 3a, b, or c for the alternative test relied upon					
a	"Assets" alternative test—enter					
	(1) Value of all assets					
	(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b	"Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed.					
c	"Support" alternative test—enter					
	(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties).					
	(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii).					
	(3) Largest amount of support from an exempt organization					
	(4) Gross investment income					

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

1

Information Regarding Foundation Managers:

a

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

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 address of the person to whom applications should be addressed

DOUGLAS F WATSON
3100 WEST LAKE ST SUITE 215
MINNEAPOLIS, MN 55416
(612) 920-4077

b

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

NO SET FORM

c

Any submission deadlines

NONE

d

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

NONE

Part XV

Supplementary Information (continued)

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

Recipient	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
Name and address (home or business)				
a Paid during the year See Additional Data Table				
Total			3a	105,000
b Approved for future payment				
Total			3b	

Enter gross amounts unless otherwise indicated

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

Form **990-PF** (2013)

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	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
Name and address (home or business)				
a <i>Paid during the year</i>				
Olympic Peninsula YMCA 302 S Francis Street Port Angeles, WA 98362		Approved	Unrestricted Contribution for General Purpose	35,000
Minneapolis Foundation 80 S 8th St Minneapolis, MN 55402		Approved	Unrestricted Contribution for General Purpose	50,000
Iowa Natural Heritage Foundation 505 Fifth Avenue Suite 444 Des Moines, IA 50309		Approved	Unrestricted Contribution for General Purpose	2,000
Fraser School 2400 W 64th St Minneapolis, MN 55432		Approved	Unrestricted Contribution for General Purpose	1,000
Skye Island Alliance 300 E University Tucson, AZ 85706		Approved	Unrestricted Contribution for General Purpose	2,000
Campaign for Southern Equality PO Box 364 Asheville, NC 28802		Approved	Unrestricted Contribution for General Purpose	5,000
Fabretto Children's Foundation 3124 10th St N 2 Arlington, VA 22201		Approved	Unrestricted Contribution for General Purpose	10,000
Total			3a	105,000

TY 2013 Accounting Fees Schedule

Name: FREDERICK O WATSON FOUNDATION

EIN: 41-1625546

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Accounting Fees PREPARATION OF FORM 990PF	575	575		

TY 2013 Investments - Other Schedule**Name:** FREDERICK O WATSON FOUNDATION**EIN:** 41-1625546

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
Fannie Mae CMO Series 2010-147		37,965	36,151
Chase Funding Trust MTGPC/Series 2003.3		43,165	41,550
Prime Money Market Fund RBS INST TKIXX		249,494	249,494
Federal Home Loane MTG Corp		14,925	11,723

TY 2013 Other Decreases Schedule

Name: FREDERICK O WATSON FOUNDATION

EIN: 41-1625546

Description	Amount
Net loss an sale of securities	6

TY 2013 Taxes Schedule

Name: FREDERICK O WATSON FOUNDATION

EIN: 41-1625546

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
Excise Tax	503	503		

FREDERICK O WATSON FOUNDATION
C/O WATSON INVESTMENTS INC
STE 215
3100 W LAKE ST
MINNEAPOLIS MN 55416-4597

PAGE
5 of 10
RECIPIENT'S ACCOUNT NUMBER
303-12012

Schedule of Realized Gains and Losses

This section includes a summary of the short-term or long-term gain or loss from the sale of selected securities in this account. "Short-term" refers to securities held for one year or less; "long-term" refers to securities held more than one year. RBC provides the following Schedule of Realized Gains and Losses as a service to its clients; the information may not be accurate for tax reporting or other purposes and may rely on information, such as the original cost basis for a security, that you or another source at your direction provided to RBC. Cost basis information may reflect a change in the value of certain fixed income and other securities that return or amortize principal over time. In the case of bonds purchased at a premium, cost basis information may be amortized. In addition, cost basis information may reflect accretion for zero coupon and OID bonds. Please refer to IRS Publications 1212 and 550 or consult your tax advisor for additional information.

Please see Form 1099-B for information reported to the IRS.

Short-Term

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 158.523, ORIGINAL COST: 158.52, PURCHASE FACTOR: 0.01981539, SALE FACTOR: 0.01981539 CUSIP: 31397Q2F4	☒	04/05/12	01/25/13	158.52	158.52	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 792.616, ORIGINAL COST: 792.62, PURCHASE FACTOR: 0.01981539, SALE FACTOR: 0.01981539 CUSIP: 31397Q2F4	☒	08/29/12	01/25/13	792.62	792.62	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 614.277, ORIGINAL COST: 614.28, PURCHASE FACTOR: 0.01981539, SALE FACTOR: 0.01981539 CUSIP: 31397Q2F4	☒	08/29/12	01/25/13	614.28	614.28	0.00
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 229.141, ORIGINAL COST: 229.14, PURCHASE FACTOR: 0.02864266, SALE FACTOR: 0.02864266 CUSIP: 31397Q2F4	☒	04/05/12	02/25/13	229.14	229.14	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 1,145.706, ORIGINAL COST: 1,145.71, PURCHASE FACTOR: 0.02864266, SALE FACTOR: 0.02864266 CUSIP: 31397Q2F4	☒	08/29/12	02/25/13	1,145.71	1,145.71	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 887.922, ORIGINAL COST: 887.92, PURCHASE FACTOR: 0.02864266, SALE FACTOR: 0.02864266 CUSIP: 31397Q2F4	☒	08/29/12	02/25/13	887.92	887.92	0.00
8,000.000*	FANNIE MAE CMO/Series 2010-147	☒	04/05/12	03/25/13	171.46	171.46	0.00

FREDERICK O WATSON FOUNDATION
C/O WATSON INVESTMENTS INC
STE 215
3100 W LAKE ST
MINNEAPOLIS MN 55416-4597

PAGE
6 of 10
RECIPIENT'S ACCOUNT NUMBER
303-12012

Schedule of Realized Gains and Losses (con't)

Short-Term (con't)

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
	QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 171.455, ORIGINAL COST: 171.46, PURCHASE FACTOR: 0.02143185, SALE FACTOR: 0.02143185 CUSIP: 31397Q2F4						
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 664.387, ORIGINAL COST: 664.39, PURCHASE FACTOR: 0.02143185, SALE FACTOR: 0.02143185 CUSIP: 31397Q2F4	☒	08/29/12	03/25/13	664.39	664.39	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 857.274, ORIGINAL COST: 857.27, PURCHASE FACTOR: 0.02143185, SALE FACTOR: 0.02143185 CUSIP: 31397Q2F4	☒	08/29/12	03/25/13	857.28	857.27	0.01
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 1,007.977, ORIGINAL COST: 1,007.98, PURCHASE FACTOR: 0.02519942, SALE FACTOR: 0.02519942 CUSIP: 31397Q2F4	☒	08/29/12	04/25/13	1,007.97	1,007.98	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 781.182, ORIGINAL COST: 781.18, PURCHASE FACTOR: 0.02519942, SALE FACTOR: 0.02519942 CUSIP: 31397Q2F4	☒	08/29/12	04/25/13	781.18	781.18	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 534.354, ORIGINAL COST: 534.35, PURCHASE FACTOR: 0.01723722, SALE FACTOR: 0.01723722 CUSIP: 31397Q2F4	☒	08/29/12	05/28/13	534.35	534.35	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 689.489, ORIGINAL COST: 689.49, PURCHASE FACTOR: 0.01723722, SALE FACTOR: 0.01723722 CUSIP: 31397Q2F4	☒	08/29/12	05/28/13	689.49	689.49	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 1,034.485, ORIGINAL COST: 1,034.49, PURCHASE FACTOR: 0.02586213, SALE FACTOR: 0.02586213 CUSIP: 31397Q2F4	☒	08/29/12	06/25/13	1,034.49	1,034.49	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT	☒	08/29/12	06/25/13	801.73	801.73	0.00

FREDERICK O WATSON FOUNDATION
C/O WATSON INVESTMENTS INC
STE 215
3100 W LAKE ST
MINNEAPOLIS MN 55416-4597

PAGE
7 of 10
RECIPIENT'S ACCOUNT NUMBER
303-12012

Schedule of Realized Gains and Losses (con't)

Short-Term (con't)

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
	4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 801.726, ORIGINAL COST: 801.73, PURCHASE FACTOR: 0.02586213, SALE FACTOR: 0.02586213 CUSIP: 31397Q2F4						
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 912.038, ORIGINAL COST: 912.04, PURCHASE FACTOR: 0.02280096, SALE FACTOR: 0.02280096 CUSIP: 31397Q2F4	☒	08/29/12	07/25/13	912.04	912.04	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 706.830, ORIGINAL COST: 706.83, PURCHASE FACTOR: 0.02280096, SALE FACTOR: 0.02280096 CUSIP: 31397Q2F4	☒	08/29/12	07/25/13	706.83	706.83	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 1,035.076, ORIGINAL COST: 1,035.08, PURCHASE FACTOR: 0.02587689, SALE FACTOR: 0.02587689 CUSIP: 31397Q2F4	☒	08/29/12	08/26/13	1,035.07	1,035.08	-0.01
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 802.184, ORIGINAL COST: 802.18, PURCHASE FACTOR: 0.02587689, SALE FACTOR: 0.02587689 CUSIP: 31397Q2F4	☒	08/29/12	08/26/13	802.18	802.18	0.00
Short-Term Subtotal					13,826.65		0.00

Long-Term

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 201.595, ORIGINAL COST: 201.60, PURCHASE FACTOR: 0.02519942, SALE FACTOR: 0.02519942 CUSIP: 31397Q2F4	☒	04/05/12	04/25/13	201.59	201.60	0.00
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 137.898, ORIGINAL COST: 137.90, PURCHASE FACTOR: 0.01723722, SALE FACTOR: 0.01723722 CUSIP: 31397Q2F4	☒	04/05/12	05/28/13	137.90	137.90	0.00
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT	☒	04/05/12	06/25/13	206.90	206.90	0.00

FREDERICK O WATSON FOUNDATION
C/O WATSON INVESTMENTS INC
STE 215
3100 W LAKE ST
MINNEAPOLIS MN 55416-4597

PAGE
8 of 10
RECIPIENT'S ACCOUNT NUMBER
303-12012

Schedule of Realized Gains and Losses (con't)

Long-Term (con't)

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
	4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 206.897, ORIGINAL COST: 206.90, PURCHASE FACTOR: 0.02586213, SALE FACTOR: 0.02586213 CUSIP: 31397Q2F4						
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 182.408, ORIGINAL COST: 182.41, PURCHASE FACTOR: 0.02280096, SALE FACTOR: 0.02280096 CUSIP: 31397Q2F4	☒	04/05/12	07/25/13	182.41	182.41	0.00
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 207.015, ORIGINAL COST: 207.02, PURCHASE FACTOR: 0.02587689, SALE FACTOR: 0.02587689 CUSIP: 31397Q2F4	☒	04/05/12	08/26/13	207.01	207.02	-0.01
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 94.128, ORIGINAL COST: 94.13, PURCHASE FACTOR: 0.01176596, SALE FACTOR: 0.01176596 CUSIP: 31397Q2F4	☒	04/05/12	09/25/13	94.13	94.13	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 470.638, ORIGINAL COST: 470.64, PURCHASE FACTOR: 0.01176596, SALE FACTOR: 0.01176596 CUSIP: 31397Q2F4	☒	08/29/12	09/25/13	470.64	470.64	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 364.745, ORIGINAL COST: 364.74, PURCHASE FACTOR: 0.01176596, SALE FACTOR: 0.01176596 CUSIP: 31397Q2F4	☒	08/29/12	09/25/13	364.74	364.74	0.00
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4 000% DUE 01/25/2041 ADJUSTED QUANTITY: 77.729, ORIGINAL COST: 77.73, PURCHASE FACTOR: 0.00971609, SALE FACTOR: 0.00971609 CUSIP: 31397Q2F4	☒	04/05/12	10/25/13	77.73	77.73	0.00
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041 ADJUSTED QUANTITY: 301.199, ORIGINAL COST: 301.20, PURCHASE FACTOR: 0.00971609, SALE FACTOR: 0.00971609 CUSIP: 31397Q2F4	☒	08/29/12	10/25/13	301.20	301.20	0.00
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	08/29/12	10/25/13	388.64	388.64	0.00

PAGE
9 of 10
RECIPIENT'S ACCOUNT NUMBER
303-12012

Long-Term (con't)

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
	ADJUSTED QUANTITY: 388.644, ORIGINAL COST: 388.64, PURCHASE FACTOR: 0.00971609, SALE FACTOR: 0.00971609 CUSIP: 31397Q2F4						
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	04/05/12	11/25/13	100.20	100.20	0.00
	ADJUSTED QUANTITY: 100.198, ORIGINAL COST: 100.20, PURCHASE FACTOR: 0.01252477, SALE FACTOR: 0.01252477 CUSIP: 31397Q2F4						
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	08/29/12	11/25/13	500.99	500.99	0.00
	ADJUSTED QUANTITY: 500.991, ORIGINAL COST: 500.99, PURCHASE FACTOR: 0.01252477, SALE FACTOR: 0.01252477 CUSIP: 31397Q2F4						
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	08/29/12	11/25/13	388.27	388.27	0.00
	ADJUSTED QUANTITY: 388.268, ORIGINAL COST: 388.27, PURCHASE FACTOR: 0.01252477, SALE FACTOR: 0.01252477 CUSIP: 31397Q2F4						
8,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	04/05/12	12/26/13	61.98	61.98	0.00
	ADJUSTED QUANTITY: 61.976, ORIGINAL COST: 61.98, PURCHASE FACTOR: 0.00774702, SALE FACTOR: 0.00774702 CUSIP: 31397Q2F4						
31,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	08/29/12	12/26/13	240.16	240.16	0.00
	ADJUSTED QUANTITY: 240.158, ORIGINAL COST: 240.16, PURCHASE FACTOR: 0.00774702, SALE FACTOR: 0.00774702 CUSIP: 31397Q2F4						
40,000.000*	FANNIE MAE CMO/Series 2010-147 QU-FIXED RT 4.000% DUE 01/25/2041	☒	08/29/12	12/26/13	309.88	309.88	0.00
	ADJUSTED QUANTITY: 309.881, ORIGINAL COST: 309.88, PURCHASE FACTOR: 0.00774702, SALE FACTOR: 0.00774702 CUSIP: 31397Q2F4						
100,000.000	FORD MOTOR CREDIT COMPANY FR 2.75% 11/20/13 2.750% DUE 11/20/2013 CUSIP: 34540TBA9	☒	11/07/11	11/20/13	100,000.00	100,000.00	0.00
20,000.000*	GOVERNMENT NATIONAL MTG ASSN SERIES 2010-012 CLASS WA 4.500% DUE 04/20/2039	☒	08/23/11	01/22/13	1,207.95	1,207.95	0.00
	ADJUSTED QUANTITY: 1,207.951, ORIGINAL COST: 1,207.95, PURCHASE FACTOR: 0.06039756, SALE FACTOR: 0.06039756 CUSIP: 38376TAM4						

FREDERICK O WATSON FOUNDATION
C/O WATSON INVESTMENTS INC
STE 215
3100 W LAKE ST
MINNEAPOLIS MN 55416-4597

PAGE
10 of 10
RECIPIENT'S ACCOUNT NUMBER
303-12012

Schedule of Realized Gains and Losses (con't)

Long-Term (con't)

QUANTITY	DESCRIPTION	NON- COVERED	OPEN DATE	CLOSE DATE	NET PROCEEDS	NET COST	REALIZED GAIN/LOSS
20,000.000*	GOVERNMENT NATIONAL MTG ASSN SERIES 2010-012 CLASS WA 4.500% DUE 04/20/2039 ADJUSTED QUANTITY: 1,058.321, ORIGINAL COST: 1,058.32, PURCHASE FACTOR: 0.05291603, SALE FACTOR: 0.05291603 CUSIP: 38376TAM4	☒	08/23/11	02/20/13	1,058.32	1,058.32	0.00
20,000.000*	GOVERNMENT NATIONAL MTG ASSN SERIES 2010-012 CLASS WA 4.500% DUE 04/20/2039 ADJUSTED QUANTITY: 1,072.106, ORIGINAL COST: 1,072.11, PURCHASE FACTOR: 0.05360531, SALE FACTOR: 0.05360531 CUSIP: 38376TAM4	☒	08/23/11	03/20/13	1,072.11	1,072.11	0.00
20,000.000*	GOVERNMENT NATIONAL MTG ASSN SERIES 2010-012 CLASS WA 4.500% DUE 04/20/2039 ADJUSTED QUANTITY: 1,007.831, ORIGINAL COST: 1,007.83, PURCHASE FACTOR: 0.05039157, SALE FACTOR: 0.05039157 CUSIP: 38376TAM4	☒	08/23/11	04/22/13	1,007.83	1,007.83	0.00
20,000.000	GOVERNMENT NATIONAL MTG ASSN SERIES 2010-012 CLASS WA 4.500% DUE 04/20/2039 ADJUSTED QUANTITY: 528.446, ORIGINAL COST: 15,889.46, ACCRUALS: 19,471.55, PURCHASE FACTOR: 1, SALE FACTOR: 0.02642229 CUSIP: 38376TAM4	☒	08/23/11	05/20/13	528.45	534.45	-6.00
Long-Term Subtotal					109,109.03		-6.01
Total Gains and Losses					122,935.68		-6.01
Short-Term							0.00
Long-Term							-6.01
Term Unknown							0.00

* Return of principal. Quantity represents face value.