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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

Do not enter social security numbers on this form as it may be made public.
Information about Form 990-PF and its instructions is at www.irs.gov/form990pf.

OMB No 1545-0052

2017

Open to Public Inspection

For calendar year 2017, or tax year beginning 06-01-2017, and ending 05-31-2018

Name of foundation
ARTHUR K WATSON TRUST XXXXX5001

Number and street (or P O box number if mail is not delivered to street address)
10 S DEARBORN IL1-0111

City or town, state or province, country, and ZIP or foreign postal code
CHICAGO, IL 60603

G Check all that apply

☐ Initial return

☐ Initial return of a former public charity

☐ Final return

☐ Amended return

☐ Address change

☐ Name change

H Check type of organization

☒ Section 501(c)(3) exempt private foundation

☐ Section 4947(a)(1) nonexempt charitable trust

☐ Other taxable private foundation

I Fair market value of all assets at end of year (from Part II, col (c), line 16) \$ 15,167,174

J Accounting method

☐ Cash

☐ Accrual

☐ Other (specify) (Part I, column (d) must be on cash basis)

A Employer identification number
13-2989468

B Telephone number (see instructions)
(800) 496-2583

C If exemption application is pending, check here

D 1. Foreign organizations, check here

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

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

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

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	301,904	301,904	
	5a Gross rents			
	b Net rental income or (loss)			
	6a Net gain or (loss) from sale of assets not on line 10	395,311		
	b Gross sales price for all assets on line 6a			
		1,643,722		
	7 Capital gain net income (from Part IV, line 2)		395,311	
	8 Net short-term capital gain			0
	9 Income modifications			
Operating and Administrative Expenses	10a Gross sales less returns and allowances			
	b Less Cost of goods sold			
	c Gross profit or (loss) (attach schedule)			
	11 Other income (attach schedule)	3,632	2,502	
	12 Total. Add lines 1 through 11	700,847	699,717	
	13 Compensation of officers, directors, trustees, etc	84,530	50,718	33,812
	14 Other employee salaries and wages		0	0
	15 Pension plans, employee benefits		0	0
	16a Legal fees (attach schedule)			0
	b Accounting fees (attach schedule)			
	c Other professional fees (attach schedule)			0
	17 Interest			0
18 Taxes (attach schedule) (see instructions)	14,665	5,665	0	
19 Depreciation (attach schedule) and depletion	0	0		
20 Occupancy				
21 Travel, conferences, and meetings		0	0	
22 Printing and publications		0	0	
23 Other expenses (attach schedule)				
24 Total operating and administrative expenses. Add lines 13 through 23	99,195	56,383	0	
25 Contributions, gifts, grants paid	976,000		976,000	
26 Total expenses and disbursements. Add lines 24 and 25	1,075,195	56,383	0	
	27 Subtract line 26 from line 12			
	a Excess of revenue over expenses and disbursements	-374,348		
	b Net investment income (if negative, enter -0-)		643,334	
c Adjusted net income(if negative, enter -0-)			0	

For Paperwork Reduction Act Notice, see instructions.

Cat No 11289X

Form 990-PF (2017)

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		44,358	34,932	34,932
	2	Savings and temporary cash investments		445,279	94,472	94,472
	3	Accounts receivable ▶ _____ Less allowance for doubtful accounts ▶ _____			0	0
	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 ▶ _____ 0				
	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)	7,749,835	8,040,230	10,870,706	
	c	Investments—corporate bonds (attach schedule)	2,703,486	2,398,976	2,388,737	
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____				
	12	Investments—mortgage loans				
	13	Investments—other (attach schedule)	1,310,960	1,310,960	1,778,327	
	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)	12,253,918	11,879,570	15,167,174		
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	12,253,918	11,879,570		
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see instructions)	12,253,918	11,879,570			
31	Total liabilities and net assets/fund balances (see instructions) .	12,253,918	11,879,570			

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	12,253,918
2	Enter amount from Part I, line 27a	2	-374,348
3	Other increases not included in line 2 (itemize) ▶ _____	3	0
4	Add lines 1, 2, and 3	4	11,879,570
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	11,879,570

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 Additional Data Table			
b			
c			
d			
e			

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

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

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	395,311
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 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))
2016	1,466,092	14,436,700	0 101553
2015	1,052,735	14,736,457	0 071437
2014	884,464	16,168,201	0 054704
2013	927,897	15,888,037	0 058402
2012	996,423	15,111,925	0 065936

2 Total of line 1, column (d)	2	0 352032
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 070406
4 Enter the net value of noncharitable-use assets for 2017 from Part X, line 5	4	15,042,037
5 Multiply line 4 by line 3	5	1,059,050
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	6,433
7 Add lines 5 and 6	7	1,065,483
8 Enter qualifying distributions from Part XII, line 4	8	1,009,812

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here ☐ and enter "N/A" on line 1 Date of ruling or determination letter _____ (attach copy of letter if necessary—see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ☐ and enter 1% of Part I, line 27b	1	12,867
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	12,867
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	12,867
6	Credits/Payments		
a	2017 estimated tax payments and 2016 overpayment credited to 2017	6a	10,132
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	19,332
8	Enter any penalty for underpayment of estimated tax. Check here ☐ if Form 2220 is attached	8	0
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	6,465
11	Enter the amount of line 10 to be Credited to 2018 estimated tax ☐ 6,465 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	No
b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see 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) ☐ CT		
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 2017 or the taxable year beginning in 2017 (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? Website address ►	13	Yes	
14	The books are in care of ► <u>JP MORGAN BANK NA</u> Telephone no ► <u>(800) 496-2583</u>			

Located at ► 10 S DEARBORN IL1-0111 CHICAGO IL ZIP+4 ► 60603

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 2017, 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 FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). 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.

1a	During the year did the foundation (either directly or indirectly)		Yes	No
	(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	No
	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 2017?		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 2017, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2017?	☐ Yes ☒ No		
	If "Yes," list the years ► 20____, 20____, 20____, 20____			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions).		2b	No
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 2017 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 2017).		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 2017?		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 4945(d)(4)(A)? (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)? ☐ Yes ☒ No Organizations relying on a current notice regarding disaster assistance check here. ☐ 	5b		
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 <i>If "Yes," attach the statement required by Regulations section 53.4945–5(d)</i>			
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? ☐ Yes ☒ No <i>If "Yes" to 6b, file Form 8870</i>	6b		No
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? ☐ Yes ☒ No	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	Title, and average hours per week (b) devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
JPMORGAN CHASE BANK NA 10 S DEARBORN IL1-0111 CHICAGO, IL 60603	TRUSTEE 5	84,530		

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	Title, and average hours per week (b) devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	Expense account, (e) other allowances
NONE				

Total number of other employees paid over \$50,000. **0**

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 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	14,956,871
b	Average of monthly cash balances.	1b	314,233
c	Fair market value of all other assets (see instructions).	1c	0
d	Total (add lines 1a, b, and c).	1d	15,271,104
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	15,271,104
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	229,067
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4.	5	15,042,037
6	Minimum investment return. Enter 5% of line 5.	6	752,102

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	752,102
2a	Tax on investment income for 2017 from Part VI, line 5.	2a	12,867
b	Income tax for 2017 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	12,867
3	Distributable amount before adjustments. Subtract line 2c from line 1.	3	739,235
4	Recoveries of amounts treated as qualifying distributions.	4	0
5	Add lines 3 and 4.	5	739,235
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	739,235

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	1,009,812
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	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	0
b	Cash distribution test (attach the required schedule).	3b	0
4	Qualifying distributions. Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4.	4	1,009,812
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	0
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	1,009,812

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 2016	(c) 2016	(d) 2017
1 Distributable amount for 2017 from Part XI, line 7				739,235
2 Undistributed income, if any, as of the end of 2017				
a Enter amount for 2016 only.			0	
b Total for prior years 20____, 20____, 20____		0		
3 Excess distributions carryover, if any, to 2017				
a From 2012.	251,379			
b From 2013.	156,463			
c From 2014.	93,284			
d From 2015.	331,964			
e From 2016.	750,521			
f Total of lines 3a through e.	1,583,611			
4 Qualifying distributions for 2017 from Part XII, line 4 ▶ \$ <u>1,009,812</u>				
a Applied to 2016, but not more than line 2a			0	
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 2017 distributable amount.				739,235
e Remaining amount distributed out of corpus	270,577			
5 Excess distributions carryover applied to 2017 (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	1,854,188			
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 2016 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2017 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2018				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required - see instructions).	0			
8 Excess distributions carryover from 2012 not applied on line 5 or line 7 (see instructions).	251,379			
9 Excess distributions carryover to 2018. Subtract lines 7 and 8 from line 6a	1,602,809			
10 Analysis of line 9				
a Excess from 2013.	156,463			
b Excess from 2014.	93,284			
c Excess from 2015.	331,964			
d Excess from 2016.	750,521			
e Excess from 2017.	270,577			

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 2017, 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)					
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) 2017	(b) 2016	(c) 2015	(d) 2014	
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))	
b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest	
2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:	
Check here ☐ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.	
a The name, address, and telephone number or e-mail address of the person to whom applications should be addressed JAMES LARGEY JPMORGAN CHASE BANK 270 PARK AVE FL 18 NEW YORK, NY 10017 (212) 464-1937	
b The form in which applications should be submitted and information and materials they should include NO FORM	
c Any submission deadlines NO DEADLINE	
d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors GRANTS ARE LIMITED FOR THE PURPOSES OF MEDICAL RESEARCH OR NON-GOVERNMENT-PROVIDED EDUCATION PROGRAMS	

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 <i>Paid during the year</i> See Additional Data Table				
Total			3a	976,000
b <i>Approved for future payment</i>				
Total			3b	

Enter gross amounts unless otherwise indicated

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

Form **990-PF** (2017)

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

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?		Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash.	1a(1)		No
(2) Other assets.	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)		No
(3) Rental of facilities, equipment, or other assets.	1b(3)		No
(4) Reimbursement arrangements.	1b(4)		No
(5) Loans or loan guarantees.	1b(5)		No
(6) Performance of services or membership or fundraising solicitations.	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c		No
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.			

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

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

b If "Yes," complete the following schedule

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

Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	***** Signature of officer or trustee	2019-04-01 Date	***** Title

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

Paid Preparer Use Only	Print/Type preparer's name JACOB ZEHNDR	Preparer's Signature	Date 2019-04-01	Check if self-employed ☐	PTIN P01564049
	Firm's name ▶ ERNST & YOUNG US LLP				Firm's EIN ▶ 34-6565596
	Firm's address ▶ 155 N WACKER DRIVE CHICAGO, IL 60606				Phone no (312) 879-2000

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns a - d

List and describe the kind(s) of property sold (e.g., real estate, (a) 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)
23136 247 BLACKROCK HIGH YIELD PT-BLAC			2017-06-27
3980 ISHARES TR RUSSELL MIDCAP INDEX FD			2017-06-27
34965 035 LORD ABBETT INVT TR LT DU USGVSP Y		2017-03-23	2017-06-27
17948 718 BLACKROCK HIGH YIELD PT-BLAC		2016-02-29	2017-11-20
BANK OF AMERICA CORPORATION			2017-12-12
11152 416 DODGE & COX INCOME FUND		2016-11-22	2018-03-26
CAPITAL GAIN DIVIDENDS	P		

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns e - h

(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)
180,000		176,734	3,266
765,222		643,902	121,320
150,000		150,350	-350
140,000		125,641	14,359
84			84
150,000		151,784	-1,784
			258,416

Form 990PF Part IV - Capital Gains and Losses for Tax on Investment Income - Columns i - l

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	
			3,266
			121,320
			-350
			14,359
			84
			-1,784

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>				
THE JACKSON LABORATORY PO BOX 254 BAR HARBOR, ME 04609	NONE	PC	GENERAL	150,000
RILEY SCHOOL PO BOX 159 ROCKPORT, ME 04856	NONE	PC	GENERAL	2,000
FAMILY PLANNING ASSOCIATION OF MAINE PO BOX 587 Augusta, ME 04332	NONE	PC	GENERAL	2,500
Total ▶ 3a				976,000

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>				
PORTLAND MUSEUM OF ART SEVEN CONGRESS SQUARE Portland, ME 04101	NONE	PC	GENERAL	25,000
CHILDRENS HOUSE MONTESSORI 58 ELM ST CAMDEN, ME 04843	NONE	PC	GENERAL	10,000
BRING CHANGE 2 MIND 155 SANSOME STREET SUITE NUMBER 530 San Francisco, CA 94104	NONE	PC	GENERAL	105,000
Total 3a				976,000

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>				
MAINE MARITIME ACADEMYBOX C-3 Castine, ME 04420	NONE	PC	GENERAL	132,500
MARY HITCHCOCK MEMORIAL HOSPITAL 1 MEDICAL CENTER DR Lebanon, NH 03756	NONE	PC	GENERAL	25,000
THE SHARON ACADEMYPO BOX 207 Sharon, VT 05065	NONE	PC	GENERAL	10,000
Total ▶ 3a				976,000

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>				
BRIGHAM AND WOMEN'S HOSPITAL 75 FRANCIS STREET Boston, MA 02115	NONE	PC	GENERAL	25,000
BOSTON CHILDRENS HOSPITAL 300 LONGWOOD AVE Boston, MA 02115	NONE	PC	GENERAL	25,000
HARVARD CHAN SCHOOL OF PUBLIC HEALTH 320 NEVADA STREET SUITE 302 Newton, MA 02460	NONE	PC	GENERAL	5,000
Total ▶ 3a				976,000

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 Paid during the year				
WESTOVER SCHOOL 1237 WHITTEMORE RD MIDDLEBURY, CT 06762	NONE	PC	GENERAL	10,000
THE HOTCHKISS SCHOOL 11 INTERLAKEN RD Lakeville, CT 06039	NONE	PC	GENERAL	25,000
THE ETHEL WALKER SCHOOL 230 BUSHY HILL RD Simsbury, CT 06070	NONE	PC	GENERAL	100,000
Total ▶ 3a				976,000

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>				
NATIONAL MULTIPLE SCLEROSIS SOCIETY 733 THIRD AVENUE 3RD FLOOR New York, NY 10017	NONE	PC	GENERAL	14,000
PEN BAY WALDO HEALTHCARE 4 WHITE STREET Rockland, ME 04841	NONE	PC	GENERAL	10,000
THE CAMDEN CONFERENCEPO BOX 882 CAMDEN, ME 04843	NONE	PC	GENERAL	1,000
Total ▶ 3a				976,000

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>				
ST LUKES SCHOOL (ST LUKES FOUNDATION) 377 N WILTON RD NEW CANAAN, CT 06840	NONE	PC	GENERAL	5,000
National Wildlife Refuge Associatio 5335 WISCONSIN AVE NW S 521 Washington, DC 20015	NONE	PC	PROGRAM SUPPORT	25,000
HURRICANE ISLAND FOUNDATION PO BOX 1280 Rockland, ME 04841	NONE	PC	GENERAL	10,000
Total ▶ 3a				976,000

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>				
PARTNERS FOR WORLD HEALTH 40 WALCH DRIVE Portland, ME 04103	NONE	PC	GENERAL	1,000
WINDWARD FUND 1201 CONNECTICUT AVE NW STE 300 Washington, DC 20036	NONE	PC	GENERAL	25,000
WOODROW WILSON INTERNATIONAL CENTER FOR SCHOLARS ONE WOODROW WILSON PLAZA 1300 WASHINGTON, DC 20004	NONE	PC	GENERAL	35,000
Total ► 3a				976,000

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>				
THE LIFEFLIGHT FOUNDATION PO BOX 899 CAMDEN, ME 04843	NONE	PC	GENERAL	2,500
GEORGETOWN UNIVERSITY 37TH AND O STREET NW Washington, DC 20007	NONE	PC	PROGRAM SUPPORT	10,000
PINEY WOOD SCHOOL HIGHWAY 49 SOUTH PINEY WOODS, MS 39148	NONE	PC	GENERAL	45,000
Total ▶ 3a				976,000

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>				
HONORHEALTH FOUNDATION 8125 N HAYDEN RD Scottsdale, AZ 85258	NONE	PC	GENERAL	10,000
TANZANIAN CHILDREN'S FUND 9 WATERHOUSE STREET Cambridge, MA 02138	NONE	PC	PROGRAM SUPPORT	2,500
PHOENIX CHILDREN'S HOSPITAL FOUNDATION 2929 E CAMELBACK RD STE 122 Phoenix, AZ 85016	NONE	PC	GENERAL	50,000
Total ► 3a				976,000

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>				
US SKI AND SNOWBOARDPO BOX 100 PARK CITY, UT 84060	NONE	PC	GENERAL	20,000
HOPE 4 KIDS INTERNATIONAL PO BOX 74010 Phoenix, AZ 85087	NONE	PC	GENERAL	10,000
FRIENDS OF MAINE COASTAL ISLANDS 9 WATER ST / PO BOX 1231 Rockland, ME 04841	NONE	PC	GENERAL	25,000
Total ▶ 3a				976,000

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>				
PROJECT SOAR MOROCCO1012 S ST NW Washington, DC 20001	NONE	PC	GENERAL	15,000
WATERSHED SCHOOL1 FREE ST Camden, ME 04843	NONE	PC	GENERAL	1,000
DARTMOUTH-HITCHCOCK HEALTH ONE MEDICAL CENTER DRIVE Lebanon, NH 03756	NONE	PC	GENERAL	5,000
Total ▶ 3a				976,000

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>				
THE MOUNTAIN SCHOOL OF MILTON ACADEMY 151 MOUNTAIN SCHOOL ROAD Vershire, VT 05079	NONE	PC	GENERAL	2,000
Total ▶ 3a				976,000

TY 2017 Investments Corporate Bonds Schedule**Name:** ARTHUR K WATSON TRUST XXXXX5001**EIN:** 13-2989468**Investments Corporate Bonds Schedule**

Name of Bond	End of Year Book Value	End of Year Fair Market Value
55273E640 MFS EMERGING MKTS DE		
091929687 BLACKROCK HIGH YIELD	265,355	289,617
256210105 DODGE & COX INCOME F	537,050	531,920
543916688 LORD ABBETT INVT TR		
921937603 VANGUARD TOTAL BOND	430,000	421,900
92203J308 VANGUARD TOTAL INTL	585,000	585,807
258620103 DOUBLELINE TOTL RET	150,000	146,767
54401E143 LORD ABBETT SHRT DUR	149,650	145,830
552746364 MFS EMERGING MKTS DE	281,921	266,896

TY 2017 Investments Corporate Stock Schedule**Name:** ARTHUR K WATSON TRUST XXXXX5001**EIN:** 13-2989468

Name of Stock	End of Year Book Value	End of Year Fair Market Value
00171A530 AMG MANAGERS PICTET		
46637K513 JPM GLBL RES ENH IND		
4812A2389 JPM US LARGE CP CORE		
4812C0530 JPM LARGE CAP GRWTH		
04314H857 ARTISAN INTL VALUE F	585,000	856,134
115233579 BROWN ADV JAPAN ALPH	132,954	155,629
256206103 DODGE & COX INTL STO	575,000	590,145
302933502 FMI LARGE CAP FUND-I	357,083	640,604
464287465 ISHARES MSCI EAFE IN	1,373,625	1,576,074
464287499 ISHARES RUSSELL MIDC		
78462F103 SPDR S&P 500 ETF TRU	2,501,872	3,460,717
00171C403 AMG MG PICTET INTL-Z	830,000	1,049,725
48121L841 JPMORGAN LARGE CAP G	271,075	525,648
48129C207 JPMORGAN GL RES ENH	1,107,786	1,361,170
48129C603 JPMORGAN US L/C CORE	305,835	654,860

TY 2017 Investments - Other Schedule**Name:** ARTHUR K WATSON TRUST XXXXX5001**EIN:** 13-2989468**Investments Other Schedule 2**

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
00191K609 AQR MANAGED FUTURES	AT COST	275,000	257,738
092911965 BLACKSTONE PARTNERS	AT COST	535,960	853,581
389001942 GRE II PRIVATE INVES	AT COST	500,000	667,008

TY 2017 Other Income Schedule**Name:** ARTHUR K WATSON TRUST XXXXX5001**EIN:** 13-2989468**Other Income Schedule**

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
GRE II PRIVATE INVESTORS LLC		2,502	
FEDERAL TAX REFUND	3,632	0	

TY 2017 Taxes Schedule**Name:** ARTHUR K WATSON TRUST XXXXX5001**EIN:** 13-2989468

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FEDERAL TAX PAYMENT - PRIOR YE	2,000	0		0
FEDERAL ESTIMATES - INCOME	7,000	0		0
FOREIGN TAXES ON QUALIFIED FOR	4,891	4,891		0
FOREIGN TAXES ON NONQUALIFIED	774	774		0