

ANNUAL REPORT

December 31, 2011

NICHOLAS MONEY MARKET FUND, INC.

CONSISTENCY in a world of CHANGE



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NICHOLAS MONEY MARKET FUND, INC.

February 2012

Report to Fellow Shareholders:

Short-term interest rates remained near historically low levels for all of 2011, a situation that has become less a trend and more the norm over the last three years. For example, based on a Federal Reserve Board ("Fed") statistical release, the 30-day AA rated Nonfinancial Commercial Paper ("C/P") Interest Rate annual average was 18 basis points for both 2009 and 2010. As low as that mark was, it fell even further in 2011 declining to a rate of 12 basis points and for the first six weeks of 2012 stands at nine. The persistent low interest rates offered by issuers, netted against unreimbursed expenses resulted in a return for the Fund that rounded down to zero for 2011.

The low 2011 interest rate environment was and still is the culmination of a number of factors including the financial crisis of 2008, tame inflation, moderate to negative global growth rates, instability in the Middle East, the U.S. debt ceiling debates and the ongoing European sovereign debt crisis. 2011 started with optimism, but the aforementioned factors especially related to the Eurozone and Greece tempered enthusiasm as the year progressed. There has been a multi-year climate of risk-aversion with spooked investors often fleeing to U.S. Treasuries. With 3-month Treasury yields often near or below zero, competing entities such as municipalities or corporations didn't have to offer much over the T-Bills low yields to entice buyers. Many corporations still hold large amounts in cash and currently don't need to borrow so have stayed out of the market. With fewer options, purchasers of short-term debt have lost a lot of their leverage. However, with the supply-demand equilibrium out of balance, there were a few issuers willing to exploit the situation and take advantage of the next to nothing borrowing costs that probably are not commensurate to the spread normally between risk-free and riskier securities. To further compound the situation, recently enacted reforms on money markets regarding maturity length, have additionally squeezed the ability of money funds to extract higher rates further out on the yield curve.

Soon proposals by the SEC are expected to be debated which could alter money-market industry policies in an effort to make the industry, from the regulators prospective, safer and less likely to ever need government backstop facilities. Possible changes could include a floating net asset value per share, some kind of capital reserve requirement and minor restrictions on redemptions. Many in the money fund industry are wary of these potential changes, fearing the rational for investing in money markets would be threatened. A couple of years ago initial reforms were implemented for money market funds including reducing a funds maximum weighted average maturity ("WAM") from 90-days to the current 60-day limit and having fund's commit a minimum 10% daily, and 30% weekly of their assets in securities that can easily be liquidated. The earlier reforms have had the dual effect of making money-funds safer but at the expense of yield.

Money market funds for the year ended December 31, 2011 struggled to extract a positive yield with the Lipper Money Market Fund average producing just a two basis point total return. Many funds had no positive returns at all for 2011, including the

Fund. Of the 264 taxable money market funds reported by Lipper, approximately 89% had a return of 3 basis points or less and the high was 16. Within the taxable money-market industry, nobody was hitting it out of the park. Although the Fund had net income distributions in 2011, they were small enough to round down the Fund's 12-month total return to 0.00%. The Fund had a similar 7-day yield as of December 31, 2011. Despite the current low return environment, money funds have provided excellent liquidity coupled with a very small risk of producing a negative return.

Returns for the Nicholas Money Market Fund and the Lipper Money Market Fund Category are provided in the chart below for the period ended December 31, 2011.

	Average Annual Total Return			
	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Nicholas Money Market Fund, Inc.	0.00%	0.07%	1.44%	1.75%
Lipper Money Market Fund Category	0.02%	0.07%	1.36%	1.56%
Fund's Gross Expense Ratio (from 04/30/11 Prospectus): 0.49%*				
Fund's Net Expense Ratio (from 04/30/11 Prospectus): 0.19%*				

* During the current year, the Adviser agreed to voluntarily absorb annualized Fund management fees of 0.30%. The Adviser may decrease or discontinue its absorption of the Fund's management fees at any time in its sole discretion. The Fund's expense ratios for the period ended December 31, 2011 can be found in the financial highlights included within this report.

Performance data quoted represents past performance and is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by visiting www.nicholasfunds.com/returns.html.

The Fund's returns and yields are reduced by expenses. Assumes reinvestment of dividends. Returns and yields shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares. These figures do not imply any future performance.

An investment in the Nicholas Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.

For the year ended December 31, 2011, the Fund ranked (based on total fund returns) in the 74th percentile (194 out of 264 funds) for 12-month total return as compared to the Lipper Money Market Fund Category as reported by Lipper Analytical Services, Inc. ("Lipper"). For the 3-, 5- and 10-year periods the Fund ranked within the top 37th, 38th, and 25th percentile for average annual total return as reported by Lipper (92 out of 249, 86 out of 229 and 46 out of 187 funds, respectively).

The Fund slightly increased its WAM from 49 days at the beginning of the period, to 52 days by December 31, 2011 to take advantage of yields further out on the curve.

As of the report period end, the Fund held approximately 12% of highly liquid U.S. Treasuries in its holdings. Nearly all the remaining securities were held in corporate C/P.

As mentioned above, the Fund has currently waived all management fees (30 basis points on an annual basis) in addition to the majority of accounting and administrative fees. The Fund is committed to keeping expenses as low as possible.

It is a tough environment for many who rely on short-term, high-quality fixed income investments with stable principal. There just aren't a lot of legitimate alternatives for yield right now. Borrowers are benefiting at the expense of savers. It didn't help that the Fed indicated things won't change for awhile. The U.S. economy currently is experiencing moderate growth. The Fed has recently estimated GDP to rise by a moderate 2.2% to 2.7% annualized rate in 2012. Inflation has not spiked, despite the stimulus injected into the economy over the past few years. Plus the expected contagion from a possible Euro-sovereign debt crisis has kept the Fed and other global economies cautious. However, the unemployment picture seems to be getting brighter, albeit at a slow pace and manufacturing appears to be picking up. Perhaps the economy will rise to the point where issuers will offer higher yields. Until then we will continue to keep our emphasis on our efforts to provide liquidity while preserving capital.

Thank you for your continued support.

Sincerely,



Jeffrey T. May
Portfolio Manager

The information above represents the opinions of the Fund manager, is subject to change, and any forecasts made cannot be guaranteed.

Current and future portfolio holdings are subject to risk.

Lipper Analytical Services, Inc. is an independent mutual fund research and rating service. Each Lipper average represents a universe of Funds with similar investment objectives. Rankings for the periods shown are based on Fund total returns with dividends and distributions reinvested and do not reflect sales charges.

Past performance does not guarantee future results.

Please refer to the statement of net assets in the report for complete fund holdings information. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Basis Point: One hundredth of a percentage point. For example 50 basis points equals .50%.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return and yield would be reduced.

Must be preceded or accompanied by a prospectus.

The Nicholas Funds are distributed by Quasar Distributors, LLC. (02/12)

Financial Highlights (NICXX)

For a share outstanding throughout the period

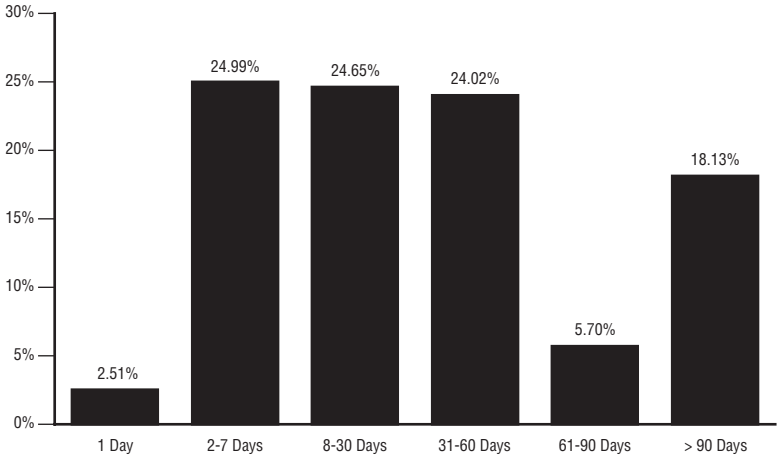
	Years ended December 31,				
	2011	2010	2009	2008	2007
NET ASSET VALUE, BEGINNING OF PERIOD	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
INCOME FROM INVESTMENT OPERATIONS					
Net investment income . . . . .	.000 ⁽¹⁾	.001	.002	.022	.047
LESS DISTRIBUTIONS					
From net investment income . . . . .	.000 ⁽¹⁾	(.001)	(.002)	(.022)	(.047)
NET ASSET VALUE, END OF PERIOD	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>	<u>\$1.00</u>
TOTAL RETURN . . . . .	.00% ⁽¹⁾	.05%	.16%	2.26%	4.83%
SUPPLEMENTAL DATA:					
Net assets, end of period (millions)	\$82.8	\$71.6	\$80.2	\$89.7	\$84.7
Ratio of expenses to average net assets . . . . .	.20%	.19%	.30%	.49%	.52%
Ratio of net investment income to average net assets. . . . .	.00% ⁽¹⁾	.05%	.16%	2.21%	4.72%
Absent reimbursement of expenses by adviser (Note 2(a)) —					
Ratio of expenses of to average net assets . . . . .	.52%	.49%	.49%		
Ratio of net investment loss to average net assets.	(.32)%	(.25)%	(.03)%		

(1) Amount rounds to \$.000 or .00%.

The accompanying notes to financial statements are an integral part of these highlights.

Portfolio Maturity (As a Percentage of Portfolio)

December 31, 2011 (unaudited)



The above bar chart is based on actual days to maturity. The Fund's minimum daily and weekly liquidity percentages, as defined by the Securities and Exchange Commission, were 14.64% and 39.61%, respectively.

Fund Expenses

For the six month period ended December 31, 2011 (unaudited)

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees and other operating expenses. The following table is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with those of other mutual funds.

The example is based on an investment of \$1,000 made at the beginning of the period and held for the entire period.

The first line of the table below provides information about the actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as wire fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 06/30/11	Ending Account Value 12/31/11	Expenses Paid During Period* 07/01/11 - 12/31/11
Actual	\$1,000.00	\$1,000.00	\$0.92
Hypothetical (5% return before expenses)	1,000.00	1,024.08	0.93

* Expenses are equal to the Fund's six-month annualized expense ratio of 0.18%, multiplied by the average account value over the period, multiplied by 186 then divided by 365 to reflect the one-half year period.

Statement of Net Assets

December 31, 2011

Principal Amount		Maturity Date	Yield to Maturity (Note 1(b))	Amortized Cost (Note 1(a))
COMMERCIAL PAPER — 87.33%				
\$1,145,000	Barclays U.S. Funding Corp.	01/03/2012	0.10%	\$ 1,145,000
500,000	Prudential Funding, LLC	01/03/2012	0.12%	500,000
650,000	Reckitt Benckiser Treasury Services plc	01/04/2012	0.36%	649,994
1,500,000	Prudential plc	01/04/2012	0.46%	1,499,981
450,000	Prudential Funding, LLC	01/04/2012	0.12%	449,998
1,550,000	Prudential Funding, LLC	01/04/2012	0.05%	1,549,998
2,000,000	Sigma-Aldrich Corporation	01/04/2012	0.06%	1,999,997
500,000	Prudential plc	01/04/2012	0.18%	499,997
3,390,000	Franklin Resources, Inc.	01/05/2012	0.10%	3,389,981
3,000,000	Wisconsin Electric Power Company ..	01/05/2012	0.17%	2,999,972
550,000	Wisconsin Electric Power Company ..	01/05/2012	0.15%	549,995
550,000	Barclays U.S. Funding Corp.	01/05/2012	0.08%	549,997
152,000	Wisconsin Electric Power Company ..	01/05/2012	0.15%	151,999
1,175,000	Nordea North America Inc.	01/06/2012	0.32%	1,174,969
2,200,000	John Deere Bank S.A.	01/06/2012	0.10%	2,199,982
250,000	Nordea North America Inc.	01/06/2012	0.30%	249,994
500,000	Westpac Banking Corporation	01/09/2012	0.38%	499,969
1,875,000	Covidien International Finance S.A. ..	01/09/2012	0.24%	1,874,925
400,000	American Express Credit Corporation	01/09/2012	0.01%	399,999
425,000	Baxter International Inc.	01/10/2012	0.15%	424,988
1,625,000	Covidien International Finance S.A. ..	01/10/2012	0.21%	1,624,934
1,000,000	HSBC Finance Corporation	01/11/2012	0.22%	999,951
1,000,000	Barclays U.S. Funding Corp.	01/11/2012	0.08%	999,982
1,000,000	John Deere Ltd.	01/12/2012	0.09%	999,977
1,000,000	Sherwin-Williams Company (The) ...	01/12/2012	0.17%	999,957
1,300,000	Prudential Funding, LLC	01/12/2012	0.05%	1,299,984
1,000,000	Bank of Nova Scotia New York Agency (The)	01/17/2012	0.26%	999,899
1,425,000	Australia and New Zealand Banking Group Ltd.	01/17/2012	0.21%	1,424,884
2,000,000	Sherwin-Williams Company (The) ...	01/17/2012	0.16%	1,999,876
700,000	American Honda Finance Corporation	01/18/2012	0.17%	699,950
390,000	John Deere Bank S.A.	01/18/2012	0.10%	389,984
1,000,000	Nordea North America Inc.	01/23/2012	0.17%	999,905
3,600,000	American Express Credit Corporation	01/23/2012	0.06%	3,599,880

The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Assets (continued)

December 31, 2011

Principal Amount		Maturity Date	Yield to Maturity (Note 1(b))	Amortized Cost (Note 1(a))
COMMERCIAL PAPER — 87.33% (continued)				
\$1,000,000	HSBC Finance Corporation	01/26/2012	0.20%	\$ 999,872
1,950,000	HSBC Finance Corporation	01/30/2012	0.18%	1,949,737
640,000	Westpac Securities NZ Limited	02/02/2012	0.25%	639,867
1,100,000	Prudential plc	02/06/2012	0.66%	1,099,325
500,000	Nordea North America Inc.	02/06/2012	0.15%	499,929
1,250,000	Baxter International Inc.	02/07/2012	0.22%	1,249,733
500,000	Sherwin-Williams Company (The)	02/08/2012	0.20%	499,900
3,500,000	Campbell Soup Company	02/13/2012	0.10%	3,499,601
1,000,000	Nordea North America Inc.	02/15/2012	0.51%	999,403
400,000	Westpac Banking Corporation	02/16/2012	0.25%	399,878
250,000	Westpac Banking Corporation	02/16/2012	0.23%	249,930
700,000	Westpac Banking Corporation	02/16/2012	0.20%	699,829
375,000	John Deere Canada ULC	02/16/2012	0.06%	374,972
2,550,000	American Honda Finance Corporation	02/22/2012	0.21%	2,549,256
180,000	American Honda Finance Corporation	02/22/2012	0.16%	179,960
850,000	ANZ National (International) Ltd.	02/24/2012	0.51%	849,386
1,000,000	Toyota Motor Credit Corporation	02/28/2012	0.20%	999,689
1,350,000	Coca-Cola Company (The)	03/01/2012	0.20%	1,349,565
1,750,000	Coca-Cola Company (The)	03/02/2012	0.21%	1,749,398
500,000	Reckitt Benckiser Treasury Services plc	03/12/2012	0.36%	499,665
300,000	Westpac Banking Corporation	03/12/2012	0.25%	299,856
2,000,000	E.I. du Pont de Nemours and Company	03/20/2012	0.13%	1,999,444
1,925,000	Toyota Motor Credit Corporation	03/22/2012	0.17%	1,924,282
1,345,000	Reckitt Benckiser Treasury Services plc	04/10/2012	0.27%	1,344,011
2,000,000	General Electric Capital Corporation	04/26/2012	0.21%	1,998,670
375,000	General Electric Capital Corporation	05/29/2012	0.34%	374,495
1,000,000	Honeywell International, Inc.	06/27/2012	0.16%	999,218
1,250,000	Australia and New Zealand Banking Group Ltd.	06/29/2012	0.54%	1,246,724
1,000,000	Reckitt Benckiser Treasury Services plc	09/06/2012	0.66%	995,540
	TOTAL COMMERCIAL PAPER			<u>72,322,033</u>

The accompanying notes to financial statements are an integral part of this statement.

Statement of Net Assets (continued)

December 31, 2011

<u>Principal Amount</u>		<u>Maturity Date</u>	<u>Yield to Maturity (Note 1(b))</u>	<u>Amortized Cost (Note 1(a))</u>
U.S. GOVERNMENT SECURITIES — 12.13%				
\$2,000,000	U.S. Treasury Bill	02/02/2012	0.14%	\$ 1,999,767
4,000,000	U.S. Treasury Note	05/15/2012	0.08%	4,019,163
4,000,000	U.S. Treasury Note	07/15/2012	0.07%	<u>4,030,662</u>
	TOTAL U.S. GOVERNMENT SECURITIES			<u>10,049,592</u>
VARIABLE RATE SECURITY — 0.52%				
430,498	American Family Financial Services, Inc. ⁽¹⁾	01/03/2012	0.10%	<u>430,498</u>
	TOTAL INVESTMENTS — 99.98%			<u>82,802,123</u>
	OTHER ASSETS, NET OF LIABILITIES — 0.02%			<u>14,799</u>
	TOTAL NET ASSETS (basis of percentages disclosed above) — 100%			<u>\$82,816,922</u>
	NET ASSET VALUE PER SHARE (\$0.0001 par value, 3,000,000,000 shares authorized), offering price and redemption price (\$82,816,922 / 82,816,922 shares outstanding)			<u>\$1.00</u>

(1) Subject to a demand feature as defined by the Securities and Exchange Commission.

The accompanying notes to financial statements are an integral part of this statement.

Statement of Operations

For the year ended December 31, 2011

INCOME	
Interest	\$ 148,501
EXPENSES	
Management fee	223,384
Registration fees	35,428
Transfer agent fees	30,156
Audit and tax fees	22,600
Accounting and administrative fees	18,615
Directors' fees	11,180
Accounting system and pricing service fees	11,082
Legal fees	8,393
Printing	7,157
Postage and mailing	6,052
Insurance	5,751
Custodian fees	3,671
Other operating expenses	3,496
Total expenses before reimbursement	<u>386,965</u>
Reimbursement of expenses by adviser (Note 2)	<u>(239,911)</u>
Total expenses after reimbursement	<u>147,054</u>
Net investment income	<u>\$ 1,447</u>

The accompanying notes to financial statements are an integral part of this statement.

Statements of Changes in Net Assets

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
INCREASE IN NET ASSETS FROM OPERATIONS		
Net investment income	\$ 1,447	\$ 42,839
DISTRIBUTIONS TO SHAREHOLDERS		
From net investment income	(1,447)	(42,839)
CAPITAL SHARE TRANSACTIONS (all at \$1.00 per share)		
Proceeds from shares issued	57,673,086	42,657,889
Reinvestment of distributions	2,449	44,943
Cost of shares redeemed	(46,436,504)	(51,289,900)
Change in net assets derived from capital share transactions	11,239,031	(8,587,068)
Total increase (decrease) in net assets	<u>11,239,031</u>	<u>(8,587,068)</u>
NET ASSETS		
Beginning of period	<u>71,577,891</u>	<u>80,164,959</u>
End of period	<u>\$82,816,922</u>	<u>\$71,577,891</u>

The accompanying notes to financial statements are an integral part of these statements.

Notes to Financial Statements

December 31, 2011

(1) Summary of Significant Accounting Policies —

Nicholas Money Market Fund, Inc. (the “Fund”) is organized as a Maryland corporation and is registered as an open-end, diversified management investment company under the Investment Company Act of 1940, as amended. The primary objective of the Fund is to achieve as high a level of current income as is consistent with preserving capital and providing liquidity. The following is a summary of the significant accounting policies of the Fund:

- (a) Securities held by the Fund, which are purchased at a discount or premium, are valued utilizing the amortized cost method in accordance with Rule 2a-7 under the 1940 Act and certain conditions therein. Amortized cost approximates market value and does not take into account unrealized gains or losses or the impact of fluctuating interest rates, rather a security is initially valued at its cost and thereafter assumes a constant accretion/amortization to maturity of any discount or premium. Variable rate instruments and certificates of deposit purchased at par are valued at cost which approximates market value. The Fund did not maintain any positions in derivative instruments or engage in any hedging activities during the year. Investment transactions are generally accounted for on the trade date.

In accordance with Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurements and Disclosures” (“ASC 820-10”), fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820-10 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1 – quoted prices in active markets for identical investments
- Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, benchmark yields, bids, offers, transactions, spreads and other relationships observed in the markets among market securities, underlying equity of the issuer, proprietary pricing models, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

Notes to Financial Statements (continued)

December 31, 2011

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of December 31, 2011 in valuing the Fund's investments carried at value:

<u>Valuation Inputs</u>	<u>Investments in Securities</u>
Level 1 –	
None	\$ —
Level 2 –	
Commercial Paper	72,322,033
U.S. Government Securities	10,049,592
Variable Rate Security	430,498
Level 3 –	
None	—
Total	<u>\$82,802,123</u>

There were no significant transfers between levels during the period ended December 31, 2011 and the Fund did not hold any Level 3 investments during the year.

- (b) Yield to maturity is calculated at date of purchase for commercial paper. For variable rate securities, the yield to maturity is calculated based on current interest rate and payment frequency.
- (c) The Fund maintains a dollar-weighted average portfolio maturity of 60 days or less and purchases investments which have maturities of 397 days or less. As of December 31, 2011, the Fund's dollar-weighted average portfolio maturity was 52 days. Days to maturity on variable rate securities are based on the number of days until the interest reset date or demand feature, whichever is longer.
- (d) Provision has not been made for federal income taxes or excise taxes since the Fund has elected to be taxed as a "regulated investment company" and intends to distribute all of its net investment income and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies.

The character of distributions made during the year from net investment income for financial reporting purposes may differ from the characterization for federal income tax purposes due to differences in the recognition of income, expense or gain items for financial reporting and tax purposes. Where appropriate, reclassifications between net asset accounts are made for such differences that are permanent in nature.

Dividends, if any, from net investment income of the Fund are accrued daily and paid monthly. Net realized capital gains, if any, are distributed at least annually. Any short-term capital gain distributions are included in ordinary income for tax

Notes to Financial Statements (continued)

December 31, 2011

purposes. The Fund distributed \$1,447 and \$42,839 of ordinary income during the years ended December 31, 2011 and 2010, respectively. There are no differences between the total cost of securities for financial reporting purposes and federal income tax purposes as of December 31, 2011.

The Fund had no material uncertain tax positions and has not recorded a liability for unrecognized tax benefits as of December 31, 2011. Also, the Fund recognized no interest and penalties related to uncertain tax benefits during the same period. At December 31, 2011, the fiscal years 2008 through 2011 remain open to examination in the Fund's major tax jurisdictions.

On December 22, 2010, the Regulated Investment Company Modernization Act of 2010 (the "RIC Act") was enacted, and the provisions within the RIC Act are effective for the Fund for the year ended December 31, 2011. The RIC Act modernized several of the federal income and excise tax provisions related to regulated investment companies ("RICs"). Under the RIC Act, new capital losses may be carried forward indefinitely, with the character of the original loss retained. Prior to the RIC Act, capital losses could be carried forward for eight years, and were carried forward as short-term capital losses regardless of the character of the original loss. The RIC Act also contains simplification provisions, which are aimed at preventing disqualification of a RIC for inadvertent failures to comply with asset diversification and/or qualifying income tests. The RIC Act exempts RICs from the preferential dividend rule and repeals the 60-day designation requirement for certain types of pay-through income and gains. In addition, the RIC Act contains provisions aimed at preserving the character of distributions made by a RIC during the portion of its taxable year ending after October 31 or December 31.

- (e) The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.
- (f) In the normal course of business the Fund enters into contracts that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund expects the risk of loss to be remote.
- (g) In connection with the preparation of the Fund's financial statements, management evaluated subsequent events after the date of the Statement of Assets and Liabilities of December 31, 2011. There have been no significant subsequent events since December 31, 2011 that would require adjustment to or additional disclosure in these financial statements.
- (h) In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04 "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements" in U.S. Generally Accepted Accounting Principles ("U.S. GAAP") and International Financial

Notes to Financial Statements (continued)

December 31, 2011

Reporting Standards (“IFRS”). ASU No. 2011-04 amends FASB ASC Topic 820, “Fair Value Measurements and Disclosures,” to establish common requirements for measuring fair value and disclosing additional information about Level 3 fair value measurements in accordance with U.S. GAAP and IFRS. ASU No. 2011-04 is effective for fiscal years beginning after December 15, 2011 and for interim periods within these fiscal years. Management is currently evaluating the impact these amendments may have on the Fund’s financial statements.

(2) Related Parties —

(a) Investment Adviser and Management Agreement —

The Fund has an agreement with Nicholas Company, Inc. (with whom certain officers and directors of the Fund are affiliated) (the “Adviser”) to serve as investment adviser and manager. Under the terms of the agreement, a monthly fee is paid to the Adviser based on an annualized fee of .30% of the average net asset value of the Fund. The Adviser has voluntarily agreed to absorb the Fund’s management fees for the year ended December 31, 2011. Under this agreement the Adviser absorbed \$223,384 during the year ended December 31, 2011. The Adviser has voluntarily agreed to reimburse the Fund if total operating expenses (other than the management fee) incurred by the Fund exceed .50% of the average net assets for the year. No such reimbursements were made in fiscal 2011. Also, the Adviser may be paid for accounting and administrative services rendered by its personnel, subject to the following guidelines: (i) up to five basis points, on an annual basis, of the average net asset value of the Fund up to and including \$2 billion and up to three basis points, on an annual basis, of the average net asset value of the Fund greater than \$2 billion, based on the average net asset value of the Fund as determined by valuations made at the close of each business day of each month, and (ii) where the preceding calculation results in an annual payment of less than \$50,000, the Adviser, in its discretion, may charge the Fund up to \$50,000 for such services. The Adviser has voluntarily absorbed accounting and administrative fees of \$16,527 for the year ended December 31, 2011. The Fund owed the Adviser \$2,088 for accounting and administrative fees as of December 31, 2011.

(b) Legal Counsel —

A director of the Adviser is affiliated with a law firm that provides services to the Fund. The Fund incurred expenses of \$3,893 for the year ended December 31, 2011 for legal services rendered by this law firm.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Nicholas Money Market Fund, Inc.:

We have audited the accompanying statement of net assets of Nicholas Money Market Fund, Inc. (the "Fund"), including the schedule of investments, as of December 31, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2011, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Nicholas Money Market Fund, Inc. as of December 31, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Milwaukee, Wisconsin

February 29, 2012

Approval of Investment Advisory Contract

(unaudited)

A discussion of the Approval by the Board of Directors of the Fund's Investment Advisory Contract can be found in the Fund's Semiannual Report dated June 30, 2011.

Information on Proxy Voting

(unaudited)

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge, upon request by calling 800-544-6547 (toll-free) or 414-276-0535. It also appears in the Fund's Statement of Additional Information, which can be found on the SEC's website, www.sec.gov. A record of how the Fund voted its proxies for the most recent twelve-month period ended June 30, also is available on the Fund's website, www.nicholasfunds.com, and the SEC's website, www.sec.gov.

Quarterly Portfolio Schedule

(unaudited)

The Fund files its complete schedule of investments with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q's are available on the SEC's website at www.sec.gov and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Directors and Officers of the Fund

(unaudited)

The following table sets forth the pertinent information about the Fund's directors and officers as of December 31, 2011. Unless otherwise listed, the business address of each director and officer is 700 North Water Street, Milwaukee, WI 53202.

Name and Age	Positions Held With Fund	Term of Office and Length of Time Served	Principal Occupations During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
INTERESTED DIRECTOR					
Albert O. Nicholas, 80 ⁽¹⁾ , ⁽³⁾	President and Director	(2), 24 years	Chief Executive Officer, and Chairman of the Board, Nicholas Company, Inc., the Adviser to the Fund. He is Portfolio Manager of Nicholas Fund, Inc. and Co-Portfolio Manager of Nicholas Equity Income Fund, Inc.	3	None
DISINTERESTED DIRECTORS					
Timothy P. Reiland, 55	Director	(2), 9 years	Private Investor, Consultant, Chairman and Chief Financial Officer, Musicnotes, Inc., October 2001 to present. Investment Analyst from 1987 to October 2001, Tucker Anthony Incorporated, a brokerage firm. He is a Chartered Financial Analyst.	5	None
Jay H. Robertson, 60	Director	(2), 17 years	Private Investor, April 2000 to present. Chairman of the Board of Robertson-Ryan and Associates, Inc., an insurance brokerage firm from 1993 to March 2000.	6	None

Directors and Officers of the Fund (continued)

(unaudited)

<u>Name and Age</u>	<u>Positions Held With Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupations During Past 5 Years</u>
OFFICERS			
David L. Johnson, 69 ⁽³⁾	Executive Vice President	Annual, 24 years	Executive Vice President, Nicholas Company, Inc., the Adviser to the Fund.
David O. Nicholas, 50 ⁽³⁾	Senior Vice President	Annual, 17 years	Chief Investment Officer and Director, Nicholas Company, Inc., the Adviser to the Fund. He is Portfolio Manager of Nicholas II, Inc. and Nicholas Limited Edition, Inc. He is Associate Portfolio Manager of Nicholas Fund, Inc. He formerly was Co-Portfolio Manager of Nicholas High Income Fund, Inc. and Nicholas Equity Income Fund, Inc.
Jeffrey T. May, 55	Senior Vice President, Secretary, Treasurer, Chief Compliance Officer and Portfolio Manager	Annual, 24 years	Executive Vice President, Chief Financial Officer and Chief Compliance Officer, Nicholas Company, Inc., the Adviser to the Fund.
Lawrence J. Pavelec, 53	Senior Vice President	Annual, 7 years	Senior Vice President, Nicholas Company, Inc., the Adviser to the Fund. He has been Portfolio Manager of Nicholas High Income Fund, Inc. since April 2008. He served as Co-Portfolio Manager from April 2003 until April 2008.
Lynn S. Nicholas, 55 ⁽³⁾	Vice President	Annual, 24 years	Senior Vice President, Nicholas Company, Inc. the Adviser to the Fund.
Candace L. Lesak, 54	Vice President	Annual, 19 years	Employee, Nicholas Company, Inc., the Adviser to the Fund.

- (1) Albert O. Nicholas is the only director of the Fund who is an “interested person” of the Fund, as that term is defined in the 1940 Act. Mr. Nicholas is Chief Executive Officer and a Director of the Adviser and owns 97% of the outstanding voting securities of the Adviser.
- (2) Until duly elected or re-elected at a subsequent annual meeting of the Fund.
- (3) David O. Nicholas and Lynn S. Nicholas are the son and daughter, respectively, of Albert O. Nicholas. David L. Johnson is a brother-in-law of Albert O. Nicholas.

The Fund’s Statement of Additional Information includes additional information about Fund directors and is available, without charge, upon request, by calling 800-544-6547 (toll-free) or 414-276-0535.

Privacy Policy

(unaudited)

Nicholas Money Market Fund, Inc. respects each shareholder's right to privacy. We are committed to safeguarding the information that you provide us to maintain and execute transactions on your behalf.

We collect the following non-public personal information about you:

- * Information we receive from you on applications or other forms, whether we receive the form in writing or electronically. This includes, but is not limited to, your name, address, phone number, tax identification number, date of birth, beneficiary information and investment selection.
- * Information about your transactions with us and account history with us. This includes, but is not limited to, your account number, balances and cost basis information. This also includes transaction requests made through our transfer agent.
- * Other general information that we may obtain about you such as demographic information.

WE DO NOT SELL ANY NON-PUBLIC PERSONAL INFORMATION
ABOUT CURRENT OR FORMER SHAREHOLDERS.

INFORMATION SHARED WITH OUR TRANSFER AGENT,
A THIRD PARTY COMPANY, ALSO IS NOT SOLD.

We may share, only as permitted by law, non-public personal information about you with third party companies. Listed below are some examples of third parties to whom we may disclose non-public personal information. While these examples do not cover every circumstance permitted by law, we hope they help you understand how your information may be shared.

We may share non-public personal information about you:

- * With companies who work for us to service your accounts or to process transactions that you may request. This would include, but is not limited to, our transfer agent to process your transactions, mailing houses to send you required reports and correspondence regarding the Fund and its Adviser, the Nicholas Company, Inc., and our dividend disbursing agent to process fund dividend checks.
- * With a party representing you, with your consent, such as your broker or lawyer.
- * When required by law, such as in response to a subpoena or other legal process.

The Fund and its Adviser maintain policies and procedures to safeguard your non-public personal information. Access is restricted to employees who the Adviser determines need the information in order to perform their job duties. To guard your non-public personal information we maintain physical, electronic, and procedural safeguards that comply with federal standards.

In the event that you hold shares of the Fund with a financial intermediary, including, but not limited to, a broker-dealer, bank, or trust company, the privacy policy of your financial intermediary would govern how your non-public personal information would be shared with non-affiliated third parties.

Nicholas Funds Services Offered

(unaudited)

- IRAs
 - Traditional
 - Roth
 - SIMPLE
 - SEP
- Coverdell Education Accounts
- Profit Sharing Plan
- Automatic Investment Plan
- Direct Deposit of Dividend and Capital Gain Distributions
- Systematic Withdrawal Plan with Direct Deposit
- Monthly Automatic Exchange between Funds
- Telephone Redemption
- Telephone Exchange
- 24-hour Automated Account Information (800-544-6547)
- 24-hour Internet Account Access (www.nicholasfunds.com)

Please call a shareholder representative for further information on the above services or with any other questions you may have regarding the Nicholas Funds (800-544-6547).

Directors and Officers

ALBERT O. NICHOLAS, President and Director
TIMOTHY P. REILAND, Director
JAY H. ROBERTSON, Director
DAVID L. JOHNSON, Executive Vice President
JEFFREY T. MAY, Senior Vice President, Secretary,
Treasurer and Chief Compliance Officer
DAVID O. NICHOLAS, Senior Vice President
LAWRENCE J. PAVELEC, Senior Vice President
LYNN S. NICHOLAS, Vice President
CANDACE L. LESAK, Vice President

Investment Adviser

NICHOLAS COMPANY, INC.
Milwaukee, Wisconsin
www.nicholasfunds.com
414-276-0535 or 800-544-6547

Transfer Agent

U.S. BANCORP FUND SERVICES, LLC
Milwaukee, Wisconsin
414-276-0535 or 800-544-6547

Distributor

QUASAR DISTRIBUTORS, LLC
Milwaukee, Wisconsin

Custodian

U.S. BANK N.A.
Milwaukee, Wisconsin

Independent Registered Public Accounting Firm

DELOITTE & TOUCHE LLP
Milwaukee, Wisconsin

Counsel

MICHAEL BEST & FRIEDRICH LLP
Milwaukee, Wisconsin

This report is submitted for the information of shareholders of the Fund. It is not authorized for distribution to prospective investors unless preceded or accompanied by an effective prospectus.