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**Return of Private Foundation
or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

2012

Department of the Treasury
Internal Revenue Service

Note: The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2012, or tax year beginning

, 2012, and ending

Knapp Educational Fund, Inc.
P. O. Box 0
St. Michaels, MD 21663

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 **J** Accounting method Cash Accrual
 (from Part II, column (c), line 16) Other (specify) *(Part I, column (d) must be on cash basis)*

► \$ 5,362,857.

A Employer identification number
13-2970128

B Telephone number (see the instructions)
410-745-5660

C If exemption application is pending, check here ►

D 1 Foreign organizations, check here ►
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 (att sch)				
	2 Cr. ► <input checked="" type="checkbox"/> if the foundn is not req to att Sch B				
	3 Interest on savings and temporary cash investments	6.	6.	N/A	
	4 Dividends and interest from securities	134,441.	134,441.		
	5a Gross rents				
	b Net rental income or (loss)				
	6a Net gain/(loss) from sale of assets not on line 10	136,108.			
	b Gross sales price for all assets on line 6a	967,124.			
	7 Capital gain net income (from Part IV, line 2)		136,108.		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
	b Less Cost of goods sold				
	c Gross profit/(loss) (att sch)				
	11 Other income (attach schedule)				
	See Statement 1	-1,958.			
	12 Total. Add lines 1 through 11	268,597.	270,555.		20,000.
ADMINISTRATIVE EXPENSES	13 Compensation of officers, directors, trustees, etc	20,000.			
	14 Other employee salaries and wages				
	15 Pension plans, employee benefits				
	16a Legal fees (attach schedule) See St 2	370.			370.
	b Accounting fees (attach sch) See St 3	4,500.	2,250.		2,250.
	c Other prof fees (attach sch) See St 4	50,402.	40,750.		9,652.
	17 Interest				
	18 Taxes (attach schedule) See Stm 5	4,700.	157.		
	19 Depreciation (attach sch) and depletion				
	20 Occupancy				
	21 Travel, conferences, and meetings				
	22 Printing and publications				
	23 Other expenses (attach schedule)				
	See Statement 6	3,804.	246.		3,558.
	24 Total operating and administrative expenses. Add lines 13 through 23	83,776.	43,403.		35,830.
	25 Contributions, gifts, grants paid Part XV	244,933.			244,933.
	26 Total expenses and disbursements. Add lines 24 and 25	328,709.	43,403.		280,763.
2013	27 Subtract line 26 from line 12:				
	a Excess of revenue over expenses and disbursements	-60,112.			
	b Net investment income (if negative, enter -0-)		227,152.		
	c Adjusted net income (if negative, enter -0-)				

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Part II Balance Sheets	Attached schedules and amounts in the description column should be for end of year amounts only (See instructions)	Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
1	Cash -- non-interest-bearing	111,661.	31,891.	31,891.
2	Savings and temporary cash investments	1,663,477.	1,708,416.	1,708,416.
3	Accounts receivable ► 2,824.	2,268.	2,824.	2,824.
	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 sch) ►			
	Less allowance for doubtful accounts ►			
8	Inventories for sale or use			
9	Prepaid expenses and deferred charges	8,011.	3,468.	3,468.
10a	Investments — U S and state government obligations (attach schedule) Statement 7	25,754.	25,754.	27,846.
b	Investments — corporate stock (attach schedule) Statement 8	2,475,082.	1,475,540.	2,284,460.
c	Investments — corporate bonds (attach schedule) Statement 9	50,004.	50,004.	49,437.
11	Investments — land, buildings, and equipment basis ►			
	Less accumulated depreciation (attach schedule) ►			
12	Investments — mortgage loans			
13	Investments — other (attach schedule) Statement 10	163,571.	1,143,069.	1,254,515.
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))	4,499,828.	4,440,966.	5,362,857.
17	Accounts payable and accrued expenses	17,750.	19,000.	
18	Grants payable			
19	Deferred revenue			
20	Loans from officers, directors, trustees, & other disqualified persons			
21	Mortgages and other notes payable (attach schedule)			
22	Other liabilities (describe ►)			
23	Total liabilities (add lines 17 through 22))	17,750.	19,000.	
	Foundations that follow SFAS 117, check here and complete lines 24 through 26 and lines 30 and 31. ► <input type="checkbox"/>			
24	Unrestricted			
25	Temporarily restricted			
26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. ► <input checked="" type="checkbox"/>			
27	Capital stock, trust principal, or current funds	1,511,981.	1,511,981.	
28	Paid-in or capital surplus, or land, building, and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds	2,970,097.	2,909,985.	
30	Total net assets or fund balances (see instructions))	4,482,078.	4,421,966.	
	(see instructions)	4,499,828.	4,440,966.	

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	4,482,078.
2	Enter amount from Part I, line 27a	2	-60,112.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	4,421,966.
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) — Part II, column (b), line 30	6	4,421,966.

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 shares MLC Company)

(b) How acquired
P — Purchase
D — Donation

(c) Date acquired
(month, day, year)

(d) Date sold
(month, day, year)

1a See Statement 11

b			
c			
d			
e			

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

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

(i) Fair Market Value as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of column (i) over column (j), if any	(l) Gains (Column (h)) gain minus column (k), but not less than -0- or Losses (from column (h))
a			
b			
c			
d			
e			

2 Capital gain net income or (net capital loss)	<input type="checkbox"/> If gain, also enter in Part I, line 7 <input type="checkbox"/> If (loss), enter -0- in Part I, line 7	2	136,108.
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6)	<input type="checkbox"/> If gain, also enter in Part I, line 8, column (c) (see instructions) <input type="checkbox"/> If (loss), enter -0- in Part I, line 8	3	0.

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? Yes No

If 'Yes,' the foundation does not qualify under section 4940(e). Do not complete this part

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

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (column (b) divided by column (c))
2011	233,435.	5,401,002.	0.043221
2010	529,187.	5,334,369.	0.099203
2009	511,655.	5,208,831.	0.098228
2008	450,413.	6,130,412.	0.073472
2007	543,635.	6,652,868.	0.081714

2 Total of line 1, column (d)	2	0.395838
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	0.079168
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	5,365,630.
5 Multiply line 4 by line 3	5	424,786.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	2,272.
7 Add lines 5 and 6	7	427,058.
8 Enter qualifying distributions from Part XII, line 4	8	280,763.

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)

1 a	Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter 'N/A' on line 1 Date of ruling or determination letter: (attach copy of letter if necessary – see instrs)	1	4,543.
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input type="checkbox"/> and enter 1% of Part I, line 27b	2	0.
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)	3	4,543.
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)	4	0.
3	Add lines 1 and 2	5	4,543.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		
5	Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-		
6	Credits/Payments		
a	2012 estimated tax pmts and 2011 overpayment credited to 2012	6 a	8,011.
b	Exempt foreign organizations – tax withheld at source	6 b	
c	Tax paid with application for extension of time to file (Form 8868)	6 c	
d	Backup withholding erroneously withheld	6 d	
7	Total credits and payments Add lines 6a through 6d	7	8,011.
8	Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> 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	0.
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	3,468.
11	Enter the amount of line 10 to be Credited to 2013 estimated tax ► 3,468. Refunded ► 11 0.		

Part VII-A Statements Regarding Activities

1 a	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?	Yes	No
1 a		X	
1 b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see the instructions for definition)?	Yes	No
1 b		X	
1 c	Did the foundation file Form 1120-POL for this year?	Yes	No
1 c		X	
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year		
(1)	On the foundation ► \$ 0.	(2)	On foundation managers ► \$ 0.
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ► \$ 0.		
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	Yes	No
2		X	
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If 'Yes,' attach a conformed copy of the changes	Yes	No
3		X	
4 a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?	Yes	No
4 a		X	
b	If 'Yes,' has it filed a tax return on Form 990-T for this year?	Yes	No
4 b		N/A	
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>	Yes	No
5		X	
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either		
•	By language in the governing instrument, or		
•	By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?		
6		X	
7	Did the foundation have at least \$5,000 in assets at any time during the year? If 'Yes,' complete Part II, column (c), and Part XV	Yes	No
7		X	
8 a	Enter the states to which the foundation reports or with which it is registered (see instructions) ►		
DE MD			
b	If the answer is 'Yes' to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If 'No,' attach explanation	Yes	No
8 b		X	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? If 'Yes,' complete Part XIV	Yes	No
9		X	
10	Did any persons become substantial contributors during the tax year? If 'Yes,' attach a schedule listing their names and addresses	Yes	No
10		X	

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	X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	12	X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X
Website address ► <u>N/A</u>			
14	The books are in care of ► <u>Knapp Educational Fund, Inc.</u> Telephone no ► <u>410-745-5660</u> Located at ► <u>PO Box 0 St. Michaels MD</u> ZIP + 4 ► <u>21663</u>		
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 – Check here and enter the amount of tax-exempt interest received or accrued during the year	15	N/A
16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16	Yes X
See the instructions for exceptions and filing requirements for Form TD F 90-22 1 If 'Yes,' enter the name of the foreign country ►			

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

File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.

		Yes	No
1 a	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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> 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)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)? Organizations relying on a current notice regarding disaster assistance check here ► <input type="checkbox"/>	1 b	X
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1 c	X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))		
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? If 'Yes,' list the years ► <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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)	2 b	N/A
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ► <u>20</u> , <u>20</u> , <u>20</u> , <u>20</u>		
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If 'Yes,' did it have excess business holdings in 2012 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969, (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012)	3 b	N/A
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a	X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4 b	X

Part VII-B | Statements Regarding Activities for Which Form 4720 May Be Required (continued)**5 a** 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))?

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?

(3) Provide a grant to an individual for travel, study, or other similar purposes?

(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)

(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

Yes No

Yes No

Yes No

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)?**5 b** N/AOrganizations relying on a current notice regarding disaster assistance check here ► **c** If the answer is 'Yes' to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?N/A Yes No

If 'Yes,' attach the statement required by Regulations section 53 4945-5(d)

6 a 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?**6 b** X

If 'Yes' to 6b, file Form 8870.

7 a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

Yes No

b If 'Yes,' did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7 b**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
Antoinette Vojvoda P. O. Box 0 St. Michaels, MD 21663	President 2.00	0.	0.	0.
Steven F. Capranica PO Box 0 St. Michaels, MD 21663	Treasurer 10.00	20,000.	0.	0.
Ruth Capranica PO Box 0 St. Michaels, MD 21663	V Pres/Secrt 3.00	0.	0.	0.
-----	-----	-----	-----	-----
-----	-----	-----	-----	-----

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

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

Part IX-A: Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.		Expenses
1	N/A	
2		
3		
4		

Part IX-B: Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2		Amount
1	N/A	
2		

All other program-related investments See instructions

3

Total. Add lines 1 through 3

Form 990-PF (2012)

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	1 a	3,766,977.
b Average of monthly cash balances	1 b	1,672,077.
c Fair market value of all other assets (see instructions)	1 c	8,286.
d Total (add lines 1a, b, and c)	1 d	5,447,340.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1 e	0.
2 Acquisition indebtedness applicable to line 1 assets	2	0.
3 Subtract line 2 from line 1d	3	5,447,340.
4 Cash deemed held for charitable activities Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	81,710.
5 Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	5,365,630.
6 Minimum investment return. Enter 5% of line 5	6	268,282.

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	268,282.
2a Tax on investment income for 2012 from Part VI, line 5	2 a	4,543.
b Income tax for 2012. (This does not include the tax from Part VI)	2 b	
c Add lines 2a and 2b	2 c	4,543.
3 Distributable amount before adjustments Subtract line 2c from line 1	3	263,739.
4 Recoveries of amounts treated as qualifying distributions	4	
5 Add lines 3 and 4	5	263,739.
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	263,739.

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	1 a	280,763.
b Program-related investments – total from Part IX-B	1 b	
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)	3 a	
b Cash distribution test (attach the required schedule)	3 b	
4 Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	280,763.
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	
6 Adjusted qualifying distributions. Subtract line 5 from line 4	6	280,763.

Note. The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				263,739.
2 Undistributed income, if any, as of the end of 2012			0.	
a Enter amount for 2011 only				
b Total for prior years 20 20 20		0.		
3 Excess distributions carryover, if any, to 2012				
a From 2007 172,410.				
b From 2008 160,020.				
c From 2009 260,485.				
d From 2010 275,479.				
e From 2011				
f Total of lines 3a through e 868,394.				
4 Qualifying distributions for 2012 from Part XII, line 4 ► \$ 280,763.			0.	
a Applied to 2011, but not more than line 2a				
b Applied to undistributed income of prior years (Election required – see instructions) 0.				
c Treated as distributions out of corpus (Election required – see instructions) 0.				
d Applied to 2012 distributable amount 263,739.				
e Remaining amount distributed out of corpus 17,024.				
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a)) 0.				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5 885,418.				
b Prior years' undistributed income Subtract line 4b from line 2b 0.				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed 0.				
d Subtract line 6c from line 6b Taxable amount – see instructions 0.				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount – see instructions 0.				
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013 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) 0.				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions) 172,410.				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a 713,008.				
10 Analysis of line 9				
a Excess from 2008 160,020.				
b Excess from 2009 260,485.				
c Excess from 2010 275,479.				
d Excess from 2011 17,024.				
e Excess from 2012				

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

N/A

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

1 Information Regarding Foundation Managers:

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

None

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

None

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc, Programs:

Check here ► if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

a The name, address, and telephone number or e-mail of the person to whom applications should be addressed:

See Statement 12

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

See Statement for Line 2a

c Any submission deadlines

See Statement for Line 2a

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

See Statement for Line 2a

Part XV. Supplementary Information (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<i>a Paid during the year</i> See Statement 13				
Total			► 3a	244,933.
<i>b Approved for future payment</i>				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions.)
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments			14	6.	
4 Dividends and interest from securities			14	134,441.	
5 Net rental income or (loss) from real estate					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income			14	-1,958.	
8 Gain or (loss) from sales of assets other than inventory			18	136,108.	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue					
a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e)			1	268,597.	
13 Total Add line 12, columns (b), (d), and (e)			13	268,597.	
(See worksheet in line 13 instructions to verify calculations.)					

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

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

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

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

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes No

b If 'Yes,' complete the following schedule

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

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.

Sign
Here

Estherette P. Vojroda May 14/2013 ► President
Signature of officer or trustee Date Title

May the IRS discuss this return with the preparer shown below (see instructions)?

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input checked="" type="checkbox"/> if self employed	PTIN
	Jacqueline K. Lorsong	<i>Jacqueline K. Lorsong</i>	5/06/13		P00060761
	Firm's name ►	Jacqueline K. Lorsong, CPA	Firm's EIN ►		
Firm's address ►	13890 Rover Mill Road West Friendship, MD 21794-9741				Phone no 301-854-5003

BAA

Statement 1
Form 990-PF, Part I, Line 11
Other Income

	(a) Revenue per Books	(b) Net Investment Income	(c) Adjusted Net Income
Other Investment Income		\$ -1,958.	
Total	\$ -1,958.	\$ 0.	\$ 0.

Statement 2
Form 990-PF, Part I, Line 16a
Legal Fees

	(a) Expenses Per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Corporation Service Company	\$ 370.			\$ 370.
Total	\$ 370.	\$ 0.		\$ 370.

Statement 3
Form 990-PF, Part I, Line 16b
Accounting Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Jacqueline Lorsong, CPA	\$ 4,500.	\$ 2,250.		\$ 2,250.
Total	\$ 4,500.	\$ 2,250.		\$ 2,250.

Statement 4
Form 990-PF, Part I, Line 16c
Other Professional Fees

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Capra Enterprises, Inc.-Investment mgmt	\$ 40,750.	\$ 40,750.		
Natalie Peardon-Scholarship consultant	9,652.			
Total	\$ 50,402.	\$ 40,750.		\$ 9,652.

Statement 5
Form 990-PF, Part I, Line 18
Taxes

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Foreign tax withheld on dividends	\$ 157.	\$ 157.		
U S Excise tax-Form 990PF	4,543.			
Total	\$ 4,700.	\$ 157.		\$ 0.

Statement 6
Form 990-PF, Part I, Line 23
Other Expenses

	(a) Expenses per Books	(b) Net Investment Income	(c) Adjusted Net Income	(d) Charitable Purposes
Bank charges	\$ 36.			\$ 36.
Corporate fee	55.			55.
Insurance	2,869.			2,869.
Investment expense	246.	\$ 246.		
Office expense	164.			164.
Postage	434.			434.
Total	\$ 3,804.	\$ 246.		\$ 3,558.

Statement 7
Form 990-PF, Part II, Line 10a
Investments - U.S. and State Government Obligations

<u>State/Municipal Obligations</u>	Valuation Method	Book Value	Fair Market Value
25000 Metropolitan Nashville Arpt Auth	Cost	\$ 25,754.	\$ 27,846.
		\$ 25,754.	\$ 27,846.
Total		\$ 25,754.	\$ 27,846.

Statement 8
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

<u>Corporate Stocks</u>	Valuation Method	Book Value	Fair Market Value
1744 Abbott Laboratories	Cost	\$ 35,119.	\$ 114,232.
4798 Coca Cola	Cost	18,909.	173,928.
2295 E I DuPont DeNemour & Co	Cost	55,216.	103,226.
1475 Exxon Mobil	Cost	5,735.	127,661.
1200 Nextera Energy Corp	Cost	13,621.	83,028.
280 Minnesota Mining & Manufacturing	Cost	5,588.	25,998.
935 Chevron Corporation	Cost	55,770.	101,111.
2695 Pfizer, Inc.	Cost	26,202.	67,589.

Statement 8 (continued)
Form 990-PF, Part II, Line 10b
Investments - Corporate Stocks

<u>Corporate Stocks</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
391.25 NCR Corporation	Cost	\$ 0.	\$ 9,777.
5670 Altria Group Inc	Cost	\$ 102,438.	\$ 178,265.
2000 GE Cap Corp 6%	Cost	\$ 50,004.	\$ 52,200.
1000 Allianz Societas Europaea	Cost	\$ 25,004.	\$ 25,625.
3120 Bristol Myers Squibb	Cost	\$ 81,370.	\$ 101,681.
1025 Deere & Co	Cost	\$ 50,639.	\$ 88,581.
706 Eaton Corp	Cost	\$ 36,645.	\$ 38,251.
2494 Verizon Communications	Cost	\$ 94,613.	\$ 107,915.
1910 Yamana Gold Inc	Cost	\$ 30,870.	\$ 32,871.
1180 ConocoPhillips	Cost	\$ 39,061.	\$ 68,428.
510 Unilever NV	Cost	\$ 10,200.	\$ 19,533.
39603 Putnam Diversified Income Trust Fu	Cost	\$ 287,851.	\$ 307,717.
27273 Putnam Absolute Return 300 Fund	Cost	\$ 300,004.	\$ 287,182.
2392 AT&T Inc	Cost	\$ 81,168.	\$ 80,634.
1344 Energy Transfer Partners LP	Cost	\$ 57,907.	\$ 57,698.
590 Phillips 66	Cost	\$ 11,606.	\$ 31,329.
	Total	\$ 1,475,540.	\$ 2,284,460.

Statement 9
Form 990-PF, Part II, Line 10c
Investments - Corporate Bonds

<u>Corporate Bonds</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
50000 Bank of America Corp Medium Term	Cost	\$ 50,004.	\$ 49,437.
	Total	\$ 50,004.	\$ 49,437.

Statement 10
Form 990-PF, Part II, Line 13
Investments - Other

<u>Other Publicly Traded Securities</u>	<u>Valuation Method</u>	<u>Book Value</u>	<u>Fair Market Value</u>
540 iShares S&P Growth Index Fund	Cost	\$ 25,055.	\$ 40,900.
1480 iShares Tr Dow Jones US Utils Secto	Cost	\$ 110,915.	\$ 127,813.
2440 iShares Tr Dow Jones U S Real Estat	Cost	\$ 111,308.	\$ 157,795.
3799 iShares Tr S&P U S Pfd Stk	Cost	\$ 132,024.	\$ 150,516.
151 Advisors Disciplined Tr Unit 541	Cost	\$ 150,454.	\$ 157,529.
100 Advisors Disciplined Tr Unit 648	Cost	\$ 100,035.	\$ 108,515.
1372 SPDR Ser Tr S&P Divid ETF	Cost	\$ 76,036.	\$ 79,796.
20033 Ft Unit 3458 Utilities	Cost	\$ 200,014.	\$ 197,726.
20168 Ft Unit 3512 Preferred Income	Cost	\$ 196,867.	\$ 194,016.
285 SPDR S&P 500 ETF	Cost	\$ 40,361.	\$ 39,909.
	Total	\$ 1,143,069.	\$ 1,254,515.

Statement 11
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(a) Description	(b) How Acquired	(c) Date Acquired	(d) Date Sold
1	20,285.00 FT Unit 1310 Pfd Income Port Ser 21	Purchased	1/26/2007	1/26/2012
2	36 Johnson Controls Inc	Purchased	9/08/2009	3/08/2012
3	100 Johnson Controls Inc	Purchased	9/08/2009	3/08/2012
4	64 Johnson Controls Inc	Purchased	9/08/2009	3/08/2012
5	211 Johnson Controls Inc	Purchased	9/10/2009	3/08/2012
6	164 Johnson Controls Inc	Purchased	9/10/2009	3/08/2012
7	5,256.00 Advisors Disc Tr Unit 512	Purchased	5/25/2010	4/18/2012
8	1,000.00 Wachovia Cap Tr 6.375% Pfd	Purchased	5/01/2007	6/15/2012
9	100 Walgreen Company	Purchased	9/11/1991	6/21/2012
10	26 Walgreen Company	Purchased	9/11/1991	6/21/2012
11	2,000.00 Walgreen Company	Purchased	9/11/1991	6/21/2012
12	274 Walgreen Company	Purchased	9/11/1991	6/21/2012
13	9,827.00 Advisors Disc Tr Unit 579	Purchased	12/13/2010	9/19/2012
14	63 Schlumberger Ltd	Purchased	1/13/1999	11/05/2012
15	37 Schlumberger Ltd	Purchased	1/13/1999	11/05/2012
16	400 Schlumberger Ltd	Purchased	1/13/1999	11/05/2012
17	100 Schlumberger Ltd	Purchased	1/13/1999	11/05/2012
18	626 Ameren Corp	Purchased	10/24/2011	12/28/2012
19	100 Duke Energy Corp	Purchased	1/17/2007	12/28/2012
20	80 Duke Energy Corp	Purchased	1/17/2007	12/28/2012
21	20 Duke Energy Corp	Purchased	6/11/2010	12/28/2012
22	496.667 Duke Energy Corp	Purchased	6/11/2010	12/28/2012
23	383.333 Duke Energy Corp	Purchased	12/09/2010	12/28/2012
24	3,000.00 iShares Tr Barclays 1-3 Yr Treas Bd Fd	Purchased	6/11/2010	12/28/2012
25	365 Pepsico Inc	Purchased	8/08/2008	12/28/2012
26	100 Stanley Black & Decker	Purchased	2/28/2008	12/28/2012
27	100 Stanley Black & Decker	Purchased	2/28/2008	12/28/2012
28	74 Stanley Black & Decker	Purchased	2/28/2008	12/28/2012
29	803 Stanley Black & Decker	Purchased	5/21/2009	12/28/2012
30	450 Wal Mart Stores Inc	Purchased	5/28/2008	12/28/2012
31	435 Wal Mart Stores Inc	Purchased	8/08/2008	12/28/2012
32	706 Eaton Corp	Purchased	11/17/2008	11/30/2012

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i)-(j)	(l) Gain (Loss)
1	139,532.		163,571.	-24,039.				\$ -24,039.
2	1,126.		918.	208.				208.
3	3,138.		2,550.	588.				588.
4	2,008.		1,632.	376.				376.
5	6,622.		5,805.	817.				817.
6	5,146.		4,512.	634.				634.
7	43,271.		43,421.	-150.				-150.
8	25,000.		25,004.	-4.				-4.
9	2,888.		411.	2,477.				2,477.
10	752.		107.	645.				645.
11	57,840.		8,212.	49,628.				49,628.
12	7,923.		1,125.	6,798.				6,798.
13	93,869.		96,019.	-2,150.				-2,150.
14	4,357.		1,542.	2,815.				2,815.
15	2,561.		906.	1,655.				1,655.
16	27,691.		9,792.	17,899.				17,899.
17	6,922.		2,448.	4,474.				4,474.

Statement 11 (continued)
Form 990-PF, Part IV, Line 1
Capital Gains and Losses for Tax on Investment Income

Item	(e) Gross Sales	(f) Deprec. Allowed	(g) Cost Basis	(h) Gain (Loss)	(i) FMV 12/31/69	(j) Adj. Bas. 12/31/69	(k) Excess (i) - (j)	(l) Gain (Loss)
18	18,729.		20,273.	-1,544.				\$ -1,544.
19	6,270.		5,701.	569.				569.
20	5,019.		4,561.	458.				458.
21	1,255.		983.	272.				272.
22	31,158.		24,408.	6,750.				6,750.
23	24,048.		20,386.	3,662.				3,662.
24	251,415.		253,259.	-1,844.				-1,844.
25	24,630.		25,655.	-1,025.				-1,025.
26	7,204.		5,655.	1,549.				1,549.
27	7,208.		5,655.	1,553.				1,553.
28	5,334.		4,185.	1,149.				1,149.
29	57,879.		20,237.	37,642.				37,642.
30	30,348.		26,031.	4,317.				4,317.
31	29,336.		25,644.	3,692.				3,692.
32	36,645.		20,408.	16,237.				16,237.
								Total \$ 136,108.

Statement 12
Form 990-PF, Part XV, Line 2a-d
Application Submission Information

Name of Grant Program: Mrs. Antoinette Vojvoda
 Name: Mrs. Antoinette Vojvoda
 Care Of:
 Street Address: PO Box 0
 City, State, Zip Code: St. Michaels, MD 21663
 Telephone: 410-745-5660
 E-Mail Address:
 Form and Content: Detailed letter
 Submission Deadlines: None
 Restrictions on Awards: None

Statement 13
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
South Dorchester High School 2475 Cambridge Bypass Cambridge, MD 21613	None		Student scholarship program	\$ 21,559.

Statement 13 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
Currituck County High School 4203 Caratoke Highway Barco, NC 27917	None		Student scholarship program	\$ 29,750.
Easton High School 723 Mecklenburg Avenue Easton, MD 21601	None		Student scholarship program	20,750.
Kent Island High School 900 Love Point Road Stevensville, MD 21666	None		Student scholarship program	23,750.
North Dorchester High School 5875 Cloverdale Road Hurlock, MD 21643	None		Student scholarship program	13,861.
Queen Anne County High School 125 Ruthsburg Road Centreville, MD 21617	None		Student scholarship program	37,191.
St. Michaels High School 200 Seymour Avenue St. Michaels, MD 21663	None		Student scholarship program	11,750.
Talbot County Schools 12 Magnolia Street Easton, MD 21601	None		One Time Restricted Grant Equipment	5,890.
Colonel Richardson High School 25320 Richardson Road Federalsburg, MD 21632	None		Student scholarship program	15,839.
Crisfield High School 210 N Somerset Avenue Crisfield, MD 21817	None		Student scholarship program	17,500.
North Caroline High School 10990 River Road Ridgely, MD 21660	None		Student scholarship program	21,445.
Dorchester County Schools 700 Glasgow Street Cambridge, MD 21613	None		One time equipment grant	4,515.
Washington High School 10902 Old Princess Anne Road Princess Anne, MD 21853	None		Student scholarship program	15,687.

Knapp Educational Fund, Inc.

13-2970128

Statement 13 (continued)
Form 990-PF, Part XV, Line 3a
Recipient Paid During the Year

Name and Address	Donee Relationship	Found- ation Status	Purpose of Grant	Amount
Talbot County Community Center 10028 Ocean Gateway Easton, MD 21601	None		One time restricted grant - equipment	\$ 5,446.
Total				\$ 244,933.