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

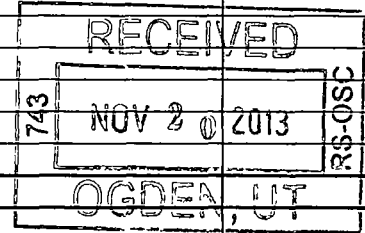
Department of the Treasury
Internal Revenue Service

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 , **20**

Name of foundation THE PAYNE FUND		A Employer identification number 13-5563006
Number and street (or P O box number if mail is not delivered to street address) 50 PUBLIC SQUARE SUITE 4100		B Telephone number (see instructions) (216) 696-1621
Room/suite		C If exemption application is pending, check here <input type="checkbox"/>
City or town, state, and ZIP code CLEVELAND, OH 44113		
G Check all that apply:		D 1. Foreign organizations, check here <input type="checkbox"/>
<input type="checkbox"/> Initial return	<input type="checkbox"/> Initial return of a former public charity	2. Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/>
<input type="checkbox"/> Final return	<input type="checkbox"/> Amended return	E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
<input type="checkbox"/> Address change	<input type="checkbox"/> Name change	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
H Check type of organization <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation		
<input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 3,792,472.		
J Accounting method <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input checked="" type="checkbox"/> Other (specify) MODIFIED CASH (Part I, column (d) must be on cash basis.)		

Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
1 Contributions, gifts, grants, etc., received (attach schedule)		668,756.			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B					
3 Interest on savings and temporary cash investments					
4 Dividends and interest from securities		99,132.	99,132.		ATCH 1
5a Gross rents					
b Net rental income or (loss)					
6a Net gain or (loss) from sale of assets not on line 10		203,826.			
b Gross sales price for all assets on line 6a 1,184,463.			203,826.		
7 Capital gain net income (from Part IV, line 2)					
8 Net short-term capital gain					
9 Income modifications					
10 a Gross sales less returns and allowances					
b Less Cost of goods sold					
c Gross profit or (loss) (attach schedule)					
11 Other income (attach schedule)					
12 Total. Add lines 1 through 11		971,714.	302,958.		
13 Compensation of officers, directors, trustees, etc		0			
14 Other employee salaries and wages					
15 Pension plans, employee benefits					
16a Legal fees (attach schedule) ATCH 2		5,347.	4,278.		1,069.
b Accounting fees (attach schedule) ATCH 3		10,600.	8,480.		2,120.
c Other professional fees (attach schedule)		53,008.	41,381.		11,627.
17 Interest					
18 Taxes (attach schedule) (see instructions) ATCH 5		3,000.			3,000.
19 Depreciation (attach schedule) and depletion					
20 Occupancy		24,000.			12,912.
21 Travel, conferences, and meetings		22,454.			22,454.
22 Printing and publications					
23 Other expenses (attach schedule) ATCH 6		52,586.			52,586.
24 Total operating and administrative expenses. Add lines 13 through 23		170,995.	54,139.		105,768.
25 Contributions, gifts, grants paid		682,082.			682,082.
26 Total expenses and disbursements Add lines 24 and 25		853,077.	54,139.	0	787,850.
27 Subtract line 26 from line 12		118,637.			
a Excess of revenue over expenses and disbursements			248,819.		
b Net investment income (if negative, enter -0-)					
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		
Assets	1	Cash - non-interest-bearing	271,600.	233,782.	233,782.	
	2	Savings and temporary cash investments				
	3	Accounts receivable ▶ Less allowance for doubtful accounts ▶				
	4	Pledges receivable ▶ Less allowance for doubtful accounts ▶				
	5	Grants receivable				
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)				
	7	Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶				
	8	Inventories for sale or use				
	9	Prepaid expenses and deferred charges				
	10 a	Investments - U S and state government obligations (attach schedule)				
	b	Investments - corporate stock (attach schedule) ATCH 7	3,238,248.	3,444,542.	3,444,542.	
	c	Investments - corporate bonds (attach schedule)				
	11	Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation (attach schedule) ▶				
	12	Investments - mortgage loans				
	13	Investments - other (attach schedule) ATCH 8	32,302.	114,148.	114,148.	
	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)	3,542,150.	3,792,472.	3,792,472.		
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	0			
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.					
	24	Unrestricted	3,542,150.	3,792,472.		
	25	Temporarily restricted				
	26	Permanently restricted				
	Foundations that do not follow SFAS 117, check here and complete lines 27 through 31. <input type="checkbox"/>					
	27	Capital stock, trust principal, or current funds				
	28	Paid-in or capital surplus, or land, bldg, and equipment fund				
	29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see instructions)	3,542,150.	3,792,472.			
31	Total liabilities and net assets/fund balances (see instructions)	3,542,150.	3,792,472.			

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	3,542,150.
2	Enter amount from Part I, line 27a	2	118,637.
3	Other increases not included in line 2 (itemize) ▶ ATCH 9	3	131,685.
4	Add lines 1, 2, and 3	4	3,792,472.
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	3,792,472.

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 PART IV SCHEDULE					
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) 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						
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	203,826.	
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	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 (col (b) divided by col (c))
2011	798,352.	3,968,744.	0.201160
2010	735,071.	3,786,319.	0.194139
2009	697,254.	3,233,332.	0.215646
2008	720,189.	4,085,223.	0.176291
2007	896,956.	4,669,988.	0.192068
2	Total of line 1, column (d)		0.979304
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		0.195861
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5		3,870,769.
5	Multiply line 4 by line 3		758,133.
6	Enter 1% of net investment income (1% of Part I, line 27b)		2,488.
7	Add lines 5 and 6		760,621.
8	Enter qualifying distributions from Part XII, line 4 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.		787,850.

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

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic foundations that meet the section 4940(e) requirements', 'Tax under section 511', 'Add lines 1 and 2', 'Subtitle A (income) tax', 'Tax based on investment income', 'Credits/Payments', 'Total credits and payments', 'Enter any penalty for underpayment of estimated tax', 'Tax due', 'Overpayment', and 'Enter the amount of line 10 to be Credited to 2013 estimated tax'.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Includes questions like 'During the tax year, did the foundation attempt to influence any national, state, or local legislation...', 'Did it spend more than \$100 during the year for political purposes...', 'Did the foundation file Form 1120-POL for this year?', 'Enter the amount of tax on political expenditures...', 'Enter the reimbursement paid by the foundation...', 'Has the foundation engaged in any activities that have not previously been reported to the IRS?', 'Has the foundation made any changes, not previously reported to the IRS...', 'Did the foundation have unrelated business gross income of \$1,000 or more during the year?', 'Was there a liquidation, termination, dissolution, or substantial contraction during the year?', 'Are the requirements of section 508(e) satisfied either...', 'Did the foundation have at least \$5,000 in assets at any time during the year?', and 'Did any persons become substantial contributors during the tax year?'.

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 N/A
14 The books are in care of CHARLES P. BOLTON Telephone no 216-696-1621
Located at 50 PUBLIC SQUARE STE 4100 CLEVELAND, OH ZIP+4 44115
15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here 15
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 No 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.

1a During the year did the foundation (either directly or indirectly)
(1) Engage in the sale or exchange, or leasing of property with a disqualified person? Yes X No
(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? Yes X No
(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? Yes X No
(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? Yes X 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 X 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 X 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
Organizations relying on a current notice regarding disaster assistance check here
c Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012? 1c X
2 Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))
a At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? Yes X No
If "Yes," list the years
b Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions) 2b
c If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here
3a Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? Yes X 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) 3b
4a Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes? 4a X
b Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012? 4b X

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

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? Yes No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? Yes No

(3) Provide a grant to an individual for travel, study, or other similar purposes? Yes No

(4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) Yes No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? Yes No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)? Yes No **5b**

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? Yes No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? Yes No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? Yes No **6b** X

If "Yes" to 6b, file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? Yes No

b If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction? 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	(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
ATCH 10		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

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		0

Total number of others receiving over \$50,000 for professional services ▶

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 NONE	

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 NOT APPLICABLE	

2	

All other program-related investments See instructions	
3 NONE	

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	3,921,903.
b	Average of monthly cash balances	1b	7,812.
c	Fair market value of all other assets (see instructions)	1c	
d	Total (add lines 1a, b, and c)	1d	3,929,715.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	
2	Acquisition indebtedness applicable to line 1 assets	2	
3	Subtract line 2 from line 1d	3	3,929,715.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	58,946.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	3,870,769.
6	Minimum investment return. Enter 5% of line 5	6	193,538.

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	193,538.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	2,488.
b	Income tax for 2012 (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	2,488.
3	Distributable amount before adjustments Subtract line 2c from line 1	3	191,050.
4	Recoveries of amounts treated as qualifying distributions	4	
5	Add lines 3 and 4	5	191,050.
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	191,050.

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	787,850.
b	Program-related investments - total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	
b	Cash distribution test (attach the required schedule)	3b	
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	787,850.
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	2,488.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	785,362.

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				191,050.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only				
b Total for prior years 20 10 , 20 09 , 20 08				
3 Excess distributions carryover, if any, to 2012				
a From 2007				
b From 2008				
c From 2009 421,324.				
d From 2010				
e From 2011				
f Total of lines 3a through e	421,324.			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 787,850.				
a Applied to 2011, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)				
c Treated as distributions out of corpus (Election required - see instructions)	668,756.			
d Applied to 2012 distributable amount				119,094.
e Remaining amount distributed out of corpus				
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)	71,956.			71,956.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	1,018,124.			
b Prior years' undistributed income Subtract line 4b from line 2b				
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed				
d Subtract line 6c from line 6b Taxable amount - see instructions				
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount - see instructions				
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	668,756.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	349,368.			
10 Analysis of line 9				
a Excess from 2008				
b Excess from 2009 349,368.				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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

NOT APPLICABLE

- 1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling
- b Check box to indicate whether the foundation is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2012	(b) 2011	(c) 2010	(d) 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test - enter					
(1) Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test - enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test - enter					
(1) Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

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

N/A

 - 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
- N/A

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
- b The form in which applications should be submitted and information and materials they should include:
- c Any submission deadlines:
- d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
<p>a Paid during the year</p> <p>ATCH 11</p>				
Total				▶ 3a 682,082.
<p>b Approved for future payment</p> <p>ATCH 12</p>				
Total				▶ 3b 1,767,500.

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... a Transfers from the reporting foundation to a noncharitable exempt organization of (1) Cash (2) Other assets b Other transactions (1) Sales of assets to a noncharitable exempt organization (2) Purchases of assets from a noncharitable exempt organization (3) Rental of facilities, equipment, or other assets (4) Reimbursement arrangements (5) Loans or loan guarantees (6) Performance of services or membership or fundraising solicitations c Sharing of facilities, equipment, mailing lists, other assets, or paid employees d If the answer to any of the above is "Yes," complete the following schedule

Table with 4 columns: (a) Line no, (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. Row 1 contains 'N/A' for (b) and (d).

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 [X] No

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. All cells are empty.

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: [Signature], Date: 11/8/13, Title: Secretary, Treasurer. May the IRS discuss this return with the preparer shown below (see instructions)? [X] Yes [] No

Paid Preparer Use Only Print/Type preparer's name: DAVID O. REYES, Preparer's signature: [Signature], Date: 11/1/13, Check self-employed if PTIN: P00165377, Firm's name: MALONEY + NOVOTNY LLC, Firm's address: 1111 SUPERIOR AVENUE, SUITE 700 CLEVELAND, OH 44114, Firm's EIN: 34-0677006, Phone no: 216-363-0100

Schedule of Contributors

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.

2012

Name of the organization
THE PAYNE FUND

Employer identification number
13-5563006

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

- 501(c)() (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II.

Special Rules

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc., purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc., contributions of \$5,000 or more during the year ▶ \$ _____

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **THE PAYNE FUND**

Employer identification number
13-5563006

Part I Contributors (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	UD F P BOLTON FOR PAYNE FUND INC. 114 WEST 47TH STREET NEW YORK, NY 10036	\$ 668,756.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)

Name of organization THE PAYNE FUND

Employer identification number

13-5563006

Part II Noncash Property (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
-----	----- ----- ----- -----	\$ -----	-----

Name of organization THE PAYNE FUND

Employer identification number

13-5563006

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry.

For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) \$

Use duplicate copies of Part III if additional space is needed.

Table with 4 columns: (a) No. from Part I, (b) Purpose of gift, (c) Use of gift, (d) Description of how gift is held. Includes dashed lines for input.

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

Table with 4 columns: (a) No. from Part I, (b) Purpose of gift, (c) Use of gift, (d) Description of how gift is held. Includes dashed lines for input.

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

Table with 4 columns: (a) No. from Part I, (b) Purpose of gift, (c) Use of gift, (d) Description of how gift is held. Includes dashed lines for input.

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

Table with 4 columns: (a) No. from Part I, (b) Purpose of gift, (c) Use of gift, (d) Description of how gift is held. Includes dashed lines for input.

(e) Transfer of gift

Transferee's name, address, and ZIP + 4

Relationship of transferor to transferee

**FORM 990-PF - PART IV
CAPITAL GAINS AND LOSSES FOR TAX ON INVESTMENT INCOME**

Kind of Property		Description				P or D	Date acquired	Date sold
Gross sale price less expenses of sale	Depreciation allowed/ allowable	Cost or other basis	FMV as of 12/31/69	Adj basis as of 12/31/69	Excess of FMV over adj basis		Gain or (loss)	
1,184,463.		SEE ATTACHED 980,637.					VAR 203,826.	VAR
TOTAL GAIN (LOSS)							<u>203,826.</u>	

**The Payne Fund
 Realized Gain (Loss) Summary
 12/31/2012**

	<u>PROCEEDS</u>	<u>COST</u>	<u>Realized Gain (Loss)</u>
SUMMARIZED ATTACHED:	610,827	524,156	86,671
SUMMARIZED ATTACHED:	513,400	456,481	56,919
Miscellaneous Capital Gains Transactions	33,710	-	33,710
Miscellaneous Capital Gains Transactions	26,526	-	26,526
TOTAL	<u>1,184,463</u>	<u>980,637</u>	<u>203,826</u>

36774962790

Settlement Date



Account: PAYNE FUND INC 1

Activity Detail

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
01/27/12	COLUMBIA SELECT SMALL CAP FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 3,647,387 UNITS @ 16.4300 ACCOUNT		\$63,212.57	-\$41,547.71		\$21,664.86
01/27/12	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,944,012 UNITS @ 12.8600 ACCOUNT		25,000.00	-22,064.54	2,935.46	
01/27/12	EATON VANCE LARGE-CAP VALUE FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 838,388 UNITS @ 17.6559 ACCOUNT		15,000.00	-14,320.10	679.90	
08/09/12	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 7,633,588 UNITS @ 13.0999 ACCOUNT		100,000.00	-64,140.46	1,161.56	34,687.98
09/20/12	ARTIO GLOBAL HIGH INCOME FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,513,623 UNITS @ 8.9059 ACCOUNT		15,000.00	-14,739.94	178.68	81.38
09/20/12	PIMCO EMERGING MKT CURRENCY FUND INSTL MUTUAL FUND AGENT PROCEEDS REDEMPTION 857,960 UNITS @ 10.4699 ACCOUNT		9,000.00	-8,572.45		427.55

Settlement Date

U.S. TRUST

2001-2012

Activity Detail

Account: PAYNE FUND INC 1

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
09/20/12	ROWE T PRICE INTL FDS INC INTL BD FD MUTUAL FUND AGENT PROCEEDS REDEMPTION 4,034,792 UNITS @ 10.1900 ACCOUNT		41,114.53	-40,791.75		322.78
12/17/12	AOR DIVERSIFIED ARBITRAGE FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 454,133 UNITS @ 11.0099 ACCOUNT		5,000.00	-5,077.21		-77.21
12/17/12	INVESCO INTL GROWTH FUND CLY MUTUAL FUND AGENT PROCEEDS REDEMPTION 874,126 UNITS @ 28.5999 ACCOUNT		25,900.00	-23,251.75		1,748.25
12/17/12	ARTIO GLOBAL HIGH INCOME FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,507,538 UNITS @ 9.9499 ACCOUNT		15,000.00	-11,579.12		3,420.88
12/17/12	COLUMBIA ACORN INTERNATIONAL FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 247,954 UNITS @ 40.3300 ACCOUNT		10,000.00	-5,219.43		4,780.57
12/17/12	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 7,500,000 UNITS @ 10.0000 ACCOUNT		75,000.00	-73,978.91	25.03	996.06



36784962800

Settlement Date

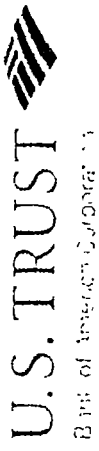
Activity Detail

Account: PAYNE FUND INC 1

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/17/12	EATON VANCE LARGE-CAP VALUE FUND CLI MUTUAL FUND AGENT PROCEEDS REDEMPTION 2,054,443 UNITS @ 19.4689 ACCOUNT		40,000.00	-37,601.21	-87.66	2,486.45
12/17/12	HARBOR INTERNATIONAL FUND INSTL CLI MUTUAL FUND AGENT PROCEEDS REDEMPTION 400,577 UNITS @ 62.4799 ACCOUNT		25,000.00	-14,924.24		10,075.76
12/17/12	NATIXIS FDS TR II ASG GLOBAL ALTERNATIVES FUND CLY MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,405,811 UNITS @ 10.6699 ACCOUNT		15,000.00	-14,716.48	26.41	257.11
12/17/12	NATIXIS FDS TR IV AEW REAL ESTATE FD CLY COM MUTUAL FUND AGENT 12/14 SALE 765.34 SHR @ 19.100076 COMM/FEES 00 DEFERR LOSS OF 377.95 ACCOUNT		15,000.00	-15,187.48	-187.48	
12/17/12	PIMCO TOTAL RETURN FUND INSTL MUTUAL FUND AGENT PROCEEDS REDEMPTION 5,281,690 UNITS @ 11.3600 ACCOUNT		60,000.00	-58,696.80	-411.28	1,714.46

Settlement Date



Account: PAYNE FUND INC 1

Activity Detail

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/17/12	PIMCO COMMODITY REALRETURN STRATEGY FUND MUTUAL FUND AGENT 12/14 SALE 1,481,481 SHR @ 6.75000219 COMM/FEES, net proceeds of 769.78 ACCOUNT		10,000.00	-10,047.99		-47.99
12/17/12	PIMCO GLOBAL MULTI-ASSET FUND INSTL CL MUTUAL FUND AGENT PROCEEDS REDEMPTION 647,668 UNITS @ 11.5800 ACCOUNT		7,500.00	-7,536.94	-30.85	-6.09
12/17/12	TCW SELECT EQUITIES FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,982,161 UNITS @ 20.1799 ACCOUNT		40,000.00	-40,161.93	-161.93	
Total Sales and Maturities		\$0.00	\$610,827.10	-\$524,156.44	\$4,127.86	\$82,542.80

Net Automated Money Market Transactions



37584983600

Settlement Date

Activity Detail

Account: PAYNE FUND INC 2

Jan. 01, 2012 through Dec. 31, 2012

Date	Description Sales and Maturities	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
01/27/12	COLUMBIA SELECT SMALL CAP FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 4,469,891 UNITS @ 16.4300 ACCOUNT		\$73,440.31	-\$55,755.02		\$17,685.29
01/27/12	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,944,012 UNITS @ 12.8500 ACCOUNT		25,000.00	-22,064.53	2,935.47	
08/09/12	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 5,725,191 UNITS @ 13.0999 ACCOUNT		75,000.00	-48,868.71	1,285.63	24,845.68
09/20/12	INVESCO INTL GROWTH FUND CLY MUTUAL FUND AGENT PROCEEDS REDEMPTION 349,284 UNITS @ 28.6299 ACCOUNT		10,000.00	-9,290.95	709.05	
09/20/12	ARTIO GLOBAL HIGH INCOME FUND CLI MUTUAL FUND AGENT PROCEEDS REDEMPTION 758,811 UNITS @ 8.9100 ACCOUNT		7,500.00	-7,439.45		60.55
09/20/12	HARBOR INTERNATIONAL FUND INSTL CL MUTUAL FUND AGENT PROCEEDS REDEMPTION 247,198 UNITS @ 60.6801 ACCOUNT		15,000.00	-13,013.16	950.36	1,036.48

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Settlement Date

U.S. TRUST

Bank of America Corporation



Activity Detail

Account: PAYNE FUND INC 2

Jan 01, 2012 through Dec 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
09/20/12	ROWE T PRICE INTL FDS INC INTL BD FD MUTUAL FUND AGENT PROCEEDS REDEMPTION 2,940,096 UNITS @ 10.1900 ACCOUNT		29,959.58	-29,724.37		235.21
12/05/12	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 6,500,000 UNITS @ 10.0000 ACCOUNT		65,000.00	-64,935.00	65.00	
12/17/12	AOR DIVERSIFIED ARBITRAGE FUND CL1 MUTUAL FUND AGENT 12/14 SALE 454 133 SHR @ 11.0099904 COMMA/FEES ON OFFER LOSS OF \$9,56 ACCOUNT		5,000.00	-5,008.65		-8.65
12/17/12	ARTIO GLOBAL HIGH INCOME FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,005,025 UNITS @ 9.9500 ACCOUNT		10,000.00	-9,159.90		840.10
12/17/12	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES MUTUAL FUND AGENT PROCEEDS REDEMPTION 6,000,000 UNITS @ 10.0000 ACCOUNT		60,000.00	-59,168.79	136.29	694.92
12/17/12	EATON VANCE LARGE-CAP VALUE FUND CL1 MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,540,832 UNITS @ 19.4700 ACCOUNT		30,000.00	-28,552.29	-113.60	1,561.31

37594863610*



Settlement Date

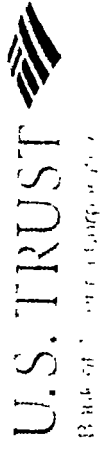
Activity Detail

Account: PAYNE FUND INC 2

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/17/12	HARBOR INTERNATIONAL FUND INSTL CL MUTUAL FUND AGENT PROCEEDS REDEMPTION 160,231 UNITS @ 62.4098 ACCOUNT 4		10,000.00	-6,376.34		3,623.66
12/17/12	NATIXIS FDS TR II ASG GLOBAL ALTERNATIVES FUND CLY MUTUAL FUND AGENT PROCEEDS REDEMPTION 937,207 UNITS @ 10.6700 ACCOUNT		10,000.00	-9,850.60	33.02	116.38
12/17/12	NATIXIS FDS TR IV AEW REAL ESTATE FD CLY COM MUTUAL FUND AGENT 12/14 SALE 654.45 SHR @ 19.1000076 COMMI/FEES: ON DIFFER LOSS OF 377.95 ACCOUNT		12,500.00	-12,593.25	-93.25	
12/17/12	PIMCO TOTAL RETURN FUND INSTL MUTUAL FUND AGENT PROCEEDS REDEMPTION 2,200,704 UNITS @ 11.3500 ACCOUNT		25,000.00	-24,750.65	-246.76	496.11
12/17/12	PIMCO COMMODITY REALRETURN STRATEGY FUND MUTUAL FUND AGENT 12/14 SALE 1,111,111 SHR @ 6.75000067 COMMI/FEES: ON DEFER LOSS OF 2062.46 ACCOUNT		7,500.00	-7,500.00		

Settlement Date



Activity Detail

Account: PAYNE FUND INC 2

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/17/12	PIMCO EMERGING MKT CURRENCY FUND INSTL		5,000.00	-4,717.50		282.50
	MUTUAL FUND AGENT PROCEEDS REDEMPTION 472.144 UNITS @ 10.5899 ACCOUNT					
12/17/12	PIMCO GLOBAL MULTI-ASSET FUND INSTL CL		7,500.00	-7,506.00		-6.00
	MUTUAL FUND AGENT 12/14 SALE 647.668 SHR @ 11.5800070 COMM/FEEES 00 DEFER LOSS OF 6.95 ACCOUNT					
12/17/12	TCW SELECT EQUITIES FUND CL1		30,000.00	-30,205.46	-205.46	
	MUTUAL FUND AGENT PROCEEDS REDEMPTION 1,486.620 UNITS @ 20.1800 ACCOUNT					
Total Sales and Maturities		\$0.00	\$513,399.89	-\$456,480.62	\$5,455.75	\$51,463.52

Net Automated Money Market Transactions

Deposits

02/10/12 PAYNE FUND INC NO 2 NMA
CASH TRANSFERRED FROM
ACCOUNT 41-16-102-5874760
QUARTERLY INCOME DISTRIBUTION
ACCOUNT

02/13/12 GDC GLASS ACTIONS PROCEEDS CK#18684177
DTD 1/28/12 COCA COLA CO REFERENCE
CLOSED A/F PROGRAM
ACCOUNT

05/10/12 PAYNE FUND INC NO 2 NMA
CASH TRANSFERRED FROM
ACCOUNT 41-16-102-5874760
QUARTERLY INCOME DISTRIBUTION
ACCOUNT

72.71 ①

682/692

1200148 008/019 28/76 0027476 01-007 425

Settlement Date

U.S. TRUST



Activity Detail

Account: PAYNE FUND INC 2

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
06/29/12	TOUCHSTONE MID CAP VALUE OPPORTUNITIES FUND LONG TERM CAPITAL GAINS DISTRIBUTION OF .2981A SH ON 7 730,469 SHS ACCOUNT		2,294.76 ②			
07/30/12	GDC CLASS ACTIONS PROCEEDS ENRON VI ACCOUNT: 5833440		174.52 ①			
08/10/12	PAYNE FUND INC NO 2 NMA CASH TR					
10/18/12	PAYNE FUND INC NO 2 NMA CASH TR QUARTERLY INCOME DISTRIBUTION ACCOUNT					
11/09/12	PAYNE FUND INC NO 2 NMA CASH TR REQUIRED DISTRIBUTION YEAR 2011 ADD'L PAYMENT TO AVOID IRS PENALTIES ACCOUNT					
12/10/12	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES LONG TERM CAPITAL GAINS DISTRIBUTION OF .7661A SH ON 16,767 SHS ACCOUNT		2,311.15 ②			
12/10/12	TOUCHSTONE MID CAP VALUE OPPORTUNITIES FUND LONG TERM CAPITAL GAINS DISTRIBUTION OF .8371A SH ON 6,614,447 SHS ACCOUNT		7,211.50 ②			



37404863420*

Settlement Date

Activity Detail

Account: PAYNE FUND INC 2

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/13/12	PIMCO TOTAL RETURN FUND INSTL		2,408.04 ⁽²⁾			
	LONG TERM CAPITAL GAINS DISTRIBUTION OF .1136 A SH ON 01 187 REG SHS ACCOUNT				305.16	
12/13/12	PIMCO COMMODITY REALRETURN STRATEGY FUND					
	LONG TERM CAPITAL GAINS DISTRIBUTION OF .0200 A SH ON 15,234,200 SHS ACCOUNT				208.13	
12/13/12	PIMCO GLOBAL MULTI-ASSET FUND INSTL CL					
	LONG TERM CAPITAL GAINS DISTRIBUTION OF .0447 A SH ON 4,673,759 SHS ACCOUNT				580.68	
12/17/12	CAMBIAR SMALL CAP FUND INV CL					
	LONG TERM CAPITAL GAINS DISTRIBUTION OF .2825 A SH ACCOUNT				6,530.56	
12/20/12	NATIXIS FDS TR IV AEW REAL ESTATE FD CL Y COM					
	LONG TERM CAPITAL GAINS DISTRIBUTION OF 1.5334 A SH ON 4,108,016 SHS ACCOUNT				3,635.89	
12/27/12	LAZARD EMERGING MKTS EQUITY PORTFOLIO INSTL CL					
	LONG TERM CAPITAL GAINS DISTRIBUTION OF .6380 A SH ON 5,888,000 SHS ACCOUNT				1,038.89	
12/31/12	TCW SELECT EQUITIES FUND CL					
	LONG TERM CAPITAL GAINS DISTRIBUTION OF .2910 A SH ON 3,570,033 SHS ACCOUNT					



Settlement Date

U.S. TRUST
Real Estate Group

Net Income

Account: 41-16-102-5876066 PAYNE FUND INC 2

Activity Detail

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
	Deposits (cont)					
			\$26,773.10	\$0.00	\$0.00	\$0.00

Total Deposits

Deposits

\$33.85 ①

01/13/12 GDC CLASS ACTIONS PROCEEDS CK#16032763
DTD 12/20/11 INDEPENDENT TECHNOLOGIES INC
ACCOUNT

02/10/12 PAYNE FUND INC NO 1 NMA
CASH TR ACCOUNTS RECEIVABLE
ACCOUNT
QUARTERLY INCOME DISTRIBUTION
ACCOUNT

05/10/12 PAYNE FUND INC NO 1 NMA
CASH TR ACCOUNTS RECEIVABLE
ACCOUNT
QUARTERLY INCOME DISTRIBUTION
ACCOUNT

518/662

1200145 006019

28/ 02

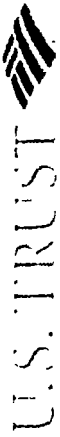
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Settlement Date



Activity Detail

Account: 65 PAYNE FUND INC 1

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
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06/29/12	TOUCHSTONE MID CAP VALUE OPPORTUNITIES FUND LONG TERM CAPITAL GAINS DISTRIBUTION OF 2968 A SHARES @ 078.374 SHS ACCOUNT		2,397.44 ②			
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07/30/12	GDC CLASS ACTIONS PROCEEDS ENRON VICTIM'S FUND A/C#5839439 CK#16907400 ACCOUNT		258.97 ①			
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08/10/12	PAYNE FUND INC NO 1 NMA CASH TRANSFERRED FROM ACCOUNT					
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10/18/12	PAYNE FUND INC NO 1 NMA CASH TRANSFERRED FROM ACCOUNT					
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11/09/12	REQUIRED DISTRIBUTION/TAX YEAR 2011 ADD'L PAYMENT TO AVOID IRS PENALTIES ACCOUNT					
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12/10/12	PAYNE FUND INC NO 1 NMA CASH TRANSFERRED FROM ACCOUNT					
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12/10/12	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES LONG TERM CAPITAL GAINS DISTRIBUTION OF 7661 A SHARES @ 761.644 SHS ACCOUNT		2,881.72 ②			
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12/10/12	TOUCHSTONE MID CAP VALUE OPPORTUNITIES FUND LONG TERM CAPITAL GAINS DISTRIBUTION OF 8371 A SHARES @ 10.944 SHS ACCOUNT		9,078.74 ②			
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Settlement Date

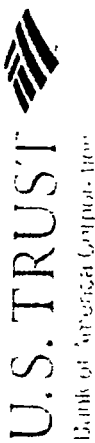
Activity Detail

Account: PAYNE FUND INC 1

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
12/13/12	PIMCO TOTAL RETURN FUND INSTL LONG TERM CAPITAL GAINS DISTRIBUTION OF .1136 A SH ON 79.918.583 SHS ACCOUN		3,400.11			
12/13/12	PIMCO COMMODITY REAL RETURN STRATEGY FUND LONG TERM CAPITAL GAINS DISTRIBUTION OF .0200 A SH ON 19,618,909 SHS ACCOUN		392.79			
12/13/12	PIMCO GLOBAL MULTI-ASSET FUND INSTL CL LONG TERM CAPITAL GAINS DISTRIBUTION OF .0447 A SH ON 5,957,400 SHS ACCOUN		288.79			
12/17/12	CAMBIAR SMALL CAP FUND INV CL LONG TERM CAPITAL GAINS DISTRIBUTION OF .2825 A SH ON 7,772,722 SHS ACCOUN		627.78			
12/20/12	NATIXIS FDS TR IV NEW REAL ESTATE FD CL Y COM LONG TERM CAPITAL GAINS DISTRIBUTION OF 1.5834 A SH ON 5,384,545 SHS ACCOUN		8,547.87			
12/27/12	LAZARD EMERGING MKTS EQUITY PORTFOLIO INSTL CL LONG TERM CAPITAL GAINS DISTRIBUTION OF .6590 A SH ON 7,479,664 SHS ACCOUN		4,778.84			
12/31/12	TCW SELECT EQUITIES FUND CL I LONG TERM CAPITAL GAINS DISTRIBUTION OF .2910 A SH ON 4,458,783 SHS ACCOUN		1,337.23			

Settlement Date



Account: PAYNE FUND INC I

Activity Detail

Jan. 01, 2012 through Dec. 31, 2012

Date	Description	Income Cash	Principal Cash	Tax Cost	Short-term Realized Gain/Loss	Long-term Realized Gain/Loss
			\$34,003.13	\$0.00	\$0.00	\$0.00

Total Deposits

THE PAYNE FUND, INC.
50 PUBLIC SQUARE, SUITE 4100
CLEVELAND, OH 44113

EIN: 13-5563006
YEAR END: 12/31/12

ELECTION PURSUANT TO REGS. SEC. 53.4942(a)-3(d)(2)

The Payne Fund, a private foundation, through its undersigned officer hereby elects, pursuant to Treasury Regulation 53.4942(a)-3(d)(2), to treat \$668,756 of its qualifying distribution for 2012 as made out of corpus.

Dated: November 8, , 2013

By: X *Charles Bolton*
Charles Bolton, The Payne Fund

ATTACHMENT 1

FORM 990PF, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>
INVESTMENT ACCOUNT INCOME	99,132.	99,132.
TOTAL	<u>99,132.</u>	<u>99,132.</u>

ATTACHMENT 2

FORM 990PF, PART I - LEGAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
LEGAL FEES	5,347.	4,278.		1,069.
TOTALS	<u>5,347.</u>	<u>4,278.</u>		<u>1,069.</u>

ATTACHMENT 3

FORM 990PF, PART I - ACCOUNTING FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>ADJUSTED NET INCOME</u>	<u>CHARITABLE PURPOSES</u>
ACCOUNTING FEES	10,600.	8,480.		2,120.
TOTALS	<u>10,600.</u>	<u>8,480.</u>		<u>2,120.</u>

ATTACHMENT 4

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>NET INVESTMENT INCOME</u>	<u>CHARITABLE PURPOSES</u>
TRUSTEE FEES	18,749.	18,749.	
FINANCIAL CONSULTING	22,632.	22,632.	
OTHER CONSULTING	11,627.		11,627.
TOTALS	<u>53,008.</u>	<u>41,381.</u>	<u>11,627.</u>

ATTACHMENT 5

FORM 990PF, PART I - TAXES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>CHARITABLE PURPOSES</u>
TAXES	3,000.	3,000.
TOTALS	<u>3,000.</u>	<u>3,000.</u>

ATTACHMENT 6

FORM 990PF, PART I - OTHER EXPENSES

<u>DESCRIPTION</u>	<u>REVENUE AND EXPENSES PER BOOKS</u>	<u>CHARITABLE PURPOSES</u>
PERSONNEL	40,200.	40,200.
POSTAGE	2,778.	2,778.
STATIONARY AND OFFICE SUPPLIES	1,386.	1,386.
FILING FEES	450.	450.
TELEPHONE	1,256.	1,256.
OFFICE EQUIPMENT	312.	312.
MISCELLANEOUS	3,252.	3,252.
INSURANCE	2,952.	2,952.
TOTALS	<u>52,586.</u>	<u>52,586.</u>

ATTACHMENT 7

FORM 990PF, PART II - CORPORATE STOCK

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
COMMON STOCK - SEE ATTACHED DETAIL	3,238,248.	3,444,542.	3,444,542.
TOTALS	<u>3,238,248.</u>	<u>3,444,542.</u>	<u>3,444,542.</u>

**THE PAYNE FUND
 INVESTMENT ACCOUNT DETAIL RECONCILIATION
 12/31/2012**

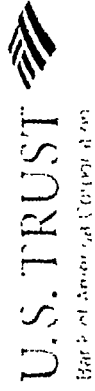
KCB		
OTHER EQUITIES		1,058,249
FIXED INCOME		461,892
HEDGE FUNDS		203,647
REAL ESTATE		96,186
TANGIBLE ASSETS		120,366
ACCRUED INCOME		1,457
OBP		
OTHER EQUITIES	\$	837,709
FIXED INCOME		339,958
HEDGE FUNDS		156,709
REAL ESTATE		73,486
TANGIBLE ASSETS		93,777
ACCRUED INCOME		1,097
OTHER		9
	\$	<u>3,444,542</u>

Equities

2,222.222	CAMBIAR SMALL CAP FUND INV CL Ticker: CAMS X	\$41,422.22 18,640	\$0.00	\$40,000.00 18,000	\$1,422.22	\$0.00	0.00%
517.808	COLUMBIA ACORN INTERNATIONAL FUND CLASS Z SHARES Ticker: ACIN X	21,147.28 40,840	0.00	10,899.86 21,050	10,247.42	433.92	2.05
9,145.652	COLUMBIA DIVIDEND INCOME FUND CLASS Z SHARES Ticker: GSFTX	134,898.37 14,750	0.00	92,906.82 10,159	41,991.55	3,502.78	2.59
3,761.544	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES Ticker: CLSPX	100,057.07 26,600	0.00	62,307.28 16,564	37,749.79	33.85	0.03
9,916.450	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES Ticker: UMLGX	137,442.00 13,860	0.00	79,400.45 8,007	58,041.55	0.00	0.00
978.713	EAGLE SM CAP GROWTH FUND CL1 Ticker: HSII X	42,828.48 43,760	0.00	40,000.00 40,870	2,828.48	15.66	0.03
4,869.794	EATON VANCE LARGE-CAP VALUE FUND CL1 Ticker: EILV X	95,204.47 19,550	0.00	83,078.99 17,060	12,125.78	1,792.08	1.88

(1) Market Value in the Portfolio Detail section does not include Accrued Income.

Settlement Date



Portfolio Detail

Dec. 01, 2012 through Dec. 31, 2012

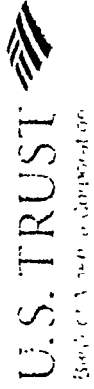
PAYNE FUND INC 1

Units	Description	Market Value(1)/ Market Price	Accrued Income	Average Unit Cost	Tax Cost/ Unit Cost	Unrealized Gain/Loss	Estimated Annual Income	Cur Yld/ YTM
1,301.663	HARBOR INTERNATIONAL FUND INSTL CL Ticker: HAIN X	80,859.31 62.120	0.00	45,415.01 34.890	35,444.30	1,634.89	2.02	
2,885.272	INVESCO INTL GROWTH FUND CL Y Ticker: AIY X	83,326.66 28.880	0.00	76,748.25 26.600	6,578.41	992.53	1.19	
7,479.954	LAZARD EMERGING MKTS EQUITY PORTFOLIO INSTL CL Ticker: LZEM X	146,158.30 19.540	0.00	136,168.94 18.205	9,989.36	2,662.86	1.82	
4,595.298	TCW SELECT EQUITIES FUND CL Y Ticker: TGCE X	92,916.93 20.220	0.00	89,838.07 19.550	3,078.86	0.00	0.00	
10,844.944	TOUCHSTONE MID CAP VALUE OPPORTUNITIES FUND Ticker: TMOIX	81,987.78 7.560	0.00	77,577.20 7.153	4,410.58	1,778.57	2.16	
Total Equities		\$1,058,248.87	\$0.00	\$834,340.57	1	\$223,908.30	\$12,847.14	1.21%

Fixed Income

3,945.975	ARTIO GLOBAL HIGH INCOME FUND CL Y	\$39,222.99 9.940	\$0.00	\$28,558.88 7.237	\$10,664.11	\$2,963.43	7.55%	
6,076.066	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES	60,760.66 10,000	92.11	58,670.85 9.656	2,089.81	881.03	1.45	
2,231.316	PIMCO EMERGING MKT CURRENCY FUND INSTL	23,540.38 10.550	38.46	22,294.55 9.992	1,245.83	328.00	1.39	
24,634.893	PIMCO TOTAL RETURN FUND INSTL	276,896.20 11.240	684.83	266,303.20 10.810	10,593.00	8,843.93	3.19	
1,510.000	SPDR BARCLAYS HIGH YIELD BOND ETF	61,472.10 40.710	324.45	59,879.05 39.655	1,593.05	4,149.48	6.75	
Total Fixed Income		\$461,892.33	\$1,139.85	\$435,706.53	1	\$26,185.90	\$17,165.97	3.71%

Settlement Date



Portfolio Detail

Dec. 01, 2012 through Dec. 31, 2012

Account: PAYNE FUND INC 1

Units	Description	Market Value(t)/ Market Price	Accrued Income	Average Unit Cost	Tax Cost/ Average Unit Cost	Unrealized Gain/Loss	Estimated Annual Income	Cur Yld/ YTM
3,663.739	ADR DIVERSIFIED ARBITRAGE FUND CL I	\$40,447.68 11.040	\$0.00	\$40,922.79 11.170	\$40,922.79 11.170	-\$475.11	\$468.96	1.15%
9,542.186	NATIXIS FDS TR II ASG GLOBAL ALTERNATIVES FUND CL Y	102,292.23 10.720	0.00	99,283.52 10.405	99,283.52 10.405	3,008.71	1,097.35	1.07
5,314.732	PIMCO GLOBAL MULTI-ASSET FUND INSTL CL	60,906.83 11.460	313.94	61,463.06 11.565	61,463.06 11.565	-556.23	1,147.98	1.88
	Total Hedge Funds	\$203,646.74	\$313.94	\$201,669.37	\$201,669.37	\$1,977.37	\$2,714.29	1.33%

REAL ESTATE

5,364.545	NATIXIS FDS TR IV AEW REAL ESTATE FD CL Y COM	\$96,186.29 17.930	\$0.00	\$65,452.55 12.201	\$65,452.55 12.201	\$30,733.74	\$1,180.20	1.22%
	Total Real Estate	\$96,186.29	\$0.00	\$65,452.55	\$65,452.55	\$30,733.74	\$1,180.20	1.22%

LIQUID ASSETS

18,127.428	PIMCO COMMODITY REALRETURN STRATEGY FUND	\$120,366.12 6.640	\$0.00	\$142,412.72 7.856	\$142,412.72 7.856	-\$22,046.60	\$3,190.43	2.65%
	Total Tangible Assets	\$120,366.12	\$0.00	\$142,412.72	\$142,412.72	-\$22,046.60	\$3,190.43	2.65%
	Total Portfolio	\$2,003,246.71	\$1,457.18	\$1,742,488.10	\$1,742,488.10	\$250,759.61	\$37,109.88	1.85%
	Accrued Income	\$1,457.18						
	Total	\$2,004,703.89						

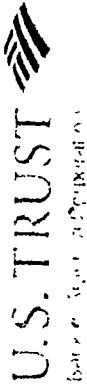
Equities

2,055.556	CAMBIAR SMALL CAP FUND INV CL Ticker: CAMS X	\$38,315.56 18.640	\$0.00	\$37,000.00 18.000	\$1,315.56	\$0.00	0.00%
399.004	COLUMBIA ACORN INTERNATIONAL FUND CLASS Z SHARES Ticker: ACIN X	16,295.32 40.840	0.00	8,399.04 21.050	7,896.28	334.37	2.05
6,938.215	COLUMBIA DIVIDEND INCOME FUND CLASS Z SHARES Ticker: GSFT X	102,338.67 14.750	0.00	69,398.55 10.002	32,940.12	2,657.34	2.59
3,016.767	COLUMBIA MID CAP GROWTH FUND CLASS Z SHARES Ticker: CLSP X	80,246.00 26.600	0.00	50,807.77 16.842	29,438.23	27.15	0.03
7,465.509	COLUMBIA SELECT LARGE CAP GROWTH FUND CLASS Z SHARES Ticker: UMLG X	103,471.95 13.860	0.00	59,176.47 7.927	44,295.48	0.00	0.00
905.310	EAGLE SM CAP GROWTH FUND CL I Ticker: HSII X	39,616.37 43.760	0.00	37,000.00 40.870	2,616.37	14.48	0.03
3,748.401	EATON VANCE LARGE-CAP VALUE FUND CL I Ticker: EILV X	73,281.24 19.550	0.00	63,947.71 17.060	9,333.53	1,378.41	1.88

(1) Market Value in the Portfolio Detail section does not include Accrued Income.

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Settlement Date



Portfolio Detail

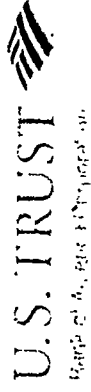
Dec. 01, 2012 through Dec. 31, 2012

Account: PAYNE FUND INC 2

Units	Description	Market Value(1)/ Market Price	Accrued Income	Average Unit Cost	Tax Cost/ Average Unit Cost	Unrealized Gain/Loss	Estimated Annual Income	Cur Yld/ YTM
1,035.245	HARBOR INTERNATIONAL FUND INSTL CL Ticker: HAIN X	64,309.42 62.120	0.00	36,119.70 34.880		28,189.72	1,300.27	2.02
2,470.265	INVESCO INTL GROWTH FUND CL Y Ticker: AIYX	71,341.25 28.860	0.00	65,709.05 26.600		5,632.20	849.77	1.19
5,689.950	LAZARD EMERGING MKTS EQUITY PORTFOLIO INSTL CL Ticker: LZEM X	111,181.62 19.540	0.00	104,015.90 18.281		7,165.72	2,025.52	1.82
3,570.053	TCW SELECT EQUITIES FUND CL I Ticker: TGCE X	72,186.47 20.220	0.00	69,794.54 19.550		2,391.93	0.00	0.00
8,614.447	TOUCHSTONE MID CAP VALUE OPPORTUNITIES FUND Ticker: TMOI X	65,125.22 7.560	0.00	63,359.84 7.355		1,765.38	1,412.77	2.16
	Total Equities	\$337,709.09	\$0.00	\$664,728.57		\$172,980.52	\$10,001.18	1.19%

3,142.045	ARTIO GLOBAL HIGH INCOME FUND CL I	\$31,231.93 9.940	\$0.00	\$22,740.46 7.237		\$8,491.47	\$2,359.68	7.55%
3,349.797	COLUMBIA SHORT TERM BOND FUND CLASS Z SHARES	33,497.97 10.000	69.04	32,124.55 9.590		1,373.42	485.72	1.45
1,487.202	PIMCO EMERGING MKT CURRENCY FUND INSTL	15,689.98 10.550	29.70	14,859.62 9.992		830.36	218.62	1.39
18,986.989	PIMCO TOTAL RETURN FUND INSTL	213,413.76 11.240	505.89	205,249.35 10.810		8,164.41	6,816.33	3.19
1,133.000	SPDR BARCLAYS HIGH YIELD BOND ETF	46,124.43 40.710	243.44	44,900.46 39.630		1,223.97	3,113.48	6.75
	Total Fixed Income	\$339,958.07	\$848.07	\$319,874.44		\$20,063.63	\$12,993.83	3.82%

Settlement Date



Portfolio Detail

Account: PAYNE FUND INC 2

Dec. 01, 2012 through Dec. 31, 2012

Units	Description	Market Value (1)/ Market Price	Accrued Income	Tax Cost/ Average Unit Cost	Unrealized Gain/Loss	Estimated Annual Income	Cur Yld/ YTM
2,769.193	AOR DIVERSIFIED ARBITRAGE FUND CLI	\$30,571.89 11.040	\$0.00	\$30,991.35 11.191	-\$419.46	\$354.46	1.15%
7,462.470	NATIXIS FDS TR II ASG GLOBAL ALTERNATIVES FUND CLY	79,997.68 10.720	0.00	77,649.40 10.405	2,348.28	858.18	1.07
4,026.091	PIMCO GLOBAL MULTI-ASSET FUND INSTL CL	46,139.00 11.460	237.82	46,494.00 11.548	-\$355.00	869.64	1.88
	Total Hedge Funds	\$155,708.57	\$237.82	\$155,134.75	\$1,573.82	\$2,082.28	1.32%
4,098.505	NATIXIS FDS TR IV AEW REAL ESTATE FD CLY COM	\$73,486.19 17.930	\$0.00	\$54,953.65 13.408	\$18,532.54	\$301.67	1.22%
	Total Real Estate	\$73,486.19	\$0.00	\$54,953.65	\$18,532.54	\$301.67	1.22%
14,123.089	PIMCO COMMODITY REAL RETURN STRATEGY FUND	\$93,777.31 6.640	\$0.00	\$109,203.63 7.732	-\$15,426.32	\$2,485.66	2.65%
	Total Tangible Assets	\$93,777.31	\$0.00	\$109,203.63	-\$15,426.32	\$2,485.66	2.65%
	Total Portfolio	\$1,661,109.75	\$1,097.55	\$1,463,365.56	\$197,744.19	\$28,606.55	1.72%
	Accrued Income	\$1,097.55					
	Total	\$1,662,207.30					

ATTACHMENT 8

FORM 990PF, PART II - OTHER INVESTMENTS

<u>DESCRIPTION</u>	<u>BEGINNING BOOK VALUE</u>	<u>ENDING BOOK VALUE</u>	<u>ENDING FMV</u>
VENTURE CAPITAL FUND	32,302.	114,148.	114,148.
TOTALS	<u>32,302.</u>	<u>114,148.</u>	<u>114,148.</u>

ATTACHMENT 9FORM 990PF, PART III - OTHER INCREASES IN NET WORTH OR FUND BALANCES

<u>DESCRIPTION</u>	<u>AMOUNT</u>
UNREALIZED GAIN ON SECURITIES	131,685.
TOTAL	<u>131,685.</u>

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 10

NAME AND ADDRESS	TITLE AND AVERAGE HOURS PER WEEK DEVOTED TO POSITION	0	0	0
MR. CHARLES P. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	SECRETARY/TREASURER 1.00	0	0	0
MR. JOHN B. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	VICE PRESIDENT 1.00	0	0	0
MR. KENYON C. BOLTON, III 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	VICE PRESIDENT 1.00	0	0	0
MR. PHILLIP P. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	VICE PRESIDENT 1.00	0	0	0
MR. THOMAS C. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	VICE PRESIDENT 1.00	0	0	0
MR. WILLIAM B. BOLTON 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	VICE PRESIDENT 1.00	0	0	0

FORM 990PF, PART VIII - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

ATTACHMENT 10 (CONT'D)

TITLE AND AVERAGE HOURS PER
WEEK DEVOTED TO POSITION

NAME AND ADDRESS

MRS. BARBARA B. GRATRY 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	PRESIDENT 1.00	0	0	0
MRS. MARY B. HOOPER 50 PUBLIC SQUARE SUITE 4100 CLEVELAND, OH 44113	VICE PRESIDENT 1.00	0	0	0

GRAND TOTALS

THE PAYNE FUND

13-5563006

FORM 990FP, PART XV - GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR

ATTACHMENT 11

RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR

AND

FOUNDATION STATUS OF RECIPIENT

RECIPIENT NAME AND ADDRESS

PURPOSE OF GRANT OR CONTRIBUTION

AMOUNT

SEE ATTACHED

SEE ATTACHED

SEE ATTACHED

SEE ATTACHED

682,082.

TOTAL CONTRIBUTIONS PAID

682,082.

<u>Grantee</u>	<u>Relationship</u>	<u>Purpose</u>	<u>Status of Recipient</u>	<u>Amount</u>
AIM HIGH	NONE	GENERAL	PUBLIC	5,000 00
AMERICAN COLLEGE OF GREECE	NONE	GENERAL	PUBLIC	25,000 00
ARENA THEATRE ASSOCIATION	NONE	GENERAL	PUBLIC	5,000 00
ASHEVILLE SYMPHONY ORCHESTRA	NONE	Annual Fund	PUBLIC	2,500 00
ASHEVILLE SYMPHONY ORCHESTRA	NONE	Annual Fund - CIM Reption	PUBLIC	2,500 00
BASCOM-PALMER EYE INSTITUTE	NONE	GENERAL	PUBLIC	1,500 00
BREVARD MUSIC CENTER	NONE	GENERAL	PUBLIC	20,000 00
CITY CLUB OF CLEVELAND, THE	NONE	GENERAL	PUBLIC	50,000 00
CLEVELAND INSTITUTE OF MUSIC	NONE	GENERAL	PUBLIC	45,000 00
CLEVELAND INSTITUTE OF MUSIC	NONE	CAPITAL CAMPAIGN	PUBLIC	45,000 00
CLEVELAND INTERNATIONAL PIANO COMPETITION	NONE	GENERAL	PUBLIC	10,000 00
CLEVELAND MUSEUM OF ART	NONE	ANNUAL FUND	PUBLIC	5,000 00
CLEVELAND MUSEUM OF ART	NONE	ANNUAL FUND	PUBLIC	5,000 00
CLEVELAND PLAYHOUSE	NONE	CASE MFA PROGRAM	PUBLIC	50,000 00
DECORATIVE ARTS CENTER OF OHIO	NONE	GENERAL	PUBLIC	21,000 00
DEPHAM LAND TRUST	NONE	GENERAL	PUBLIC	2,500 00
EVERGREEN COOPERATIVE DEVELOPMENT FUND	NONE	GENERAL	PUBLIC	25,000 00
FBP SCHOOL OF NURSING	NONE	MAY WYKLE PROFESSORSHIP	PUBLIC	25,000 00
FLORIDA TV	NONE	GENERAL	PUBLIC	500 00
FRIENDS OF BREAKTHROUGH	NONE	GENERAL	PUBLIC	25,000 00
FUND FOR ECONOMIC FUTURE	NONE	GENERAL	PUBLIC	33,332 00
GEORGIA INSTITUTE OF TECHNOLOGY	NONE	GENERAL	PUBLIC	10,000 00
GEORGIA STATE UNIVERSITY FOUNDATION	NONE	GENERAL	PUBLIC	25,000 00
GROTON SCHOOL	NONE	GENERAL	PUBLIC	12,500 00
HISTORIC GATEWAY NEIGHBORHOOD ORGANIZATION, THE	NONE	GENERAL	PUBLIC	5,000 00
KENYON COLLEGE	NONE	GENERAL	PUBLIC	12,500 00
LAKEVIEW CEMETERY FOUNDATION	NONE	GENERAL	PUBLIC	12,500 00
MAINE TV	NONE	GENERAL	PUBLIC	500 00
MARIST COLLEGE OF POUUGHKEEPSIE	NONE	GENERAL	PUBLIC	20,000 00
MOUNT VERNON LADIES ASSOCIATION	NONE	GENERAL	PUBLIC	2,500 00
MUSEUM OF CONTEMPORARY ART CLEVELAND	NONE	GENERAL	PUBLIC	12,500 00
MUSICAL ARTS ASSOCIATION	NONE	ANNUAL FUND	PUBLIC	50,000 00
MUSICAL ARTS ASSOCIATION	NONE	ENDOWMENT	PUBLIC	50,000 00
NEW BRIDGE	NONE	GENERAL	PUBLIC	12,500 00
NEW BRIDGE	NONE	ENDOWMENT	PUBLIC	12,500 00
PACIFIC PRIMARY	NONE	GENERAL	PUBLIC	2,500 00
PALM BEACH COUNTY LITERACY COALITION	NONE	GENERAL	PUBLIC	500 00
PINE JOG ENVIRONMENTAL EDUCATIONAL CENTER	NONE	FAU Foundation	PUBLIC	1,250 00
PORTLAND MUSEUM OF ART	NONE	Homer Project	PUBLIC	1,000 00
SAVE THE BAY	NONE	GENERAL	PUBLIC	10,000 00
SOCIETY OF THE FOUR ARTS	NONE	GENERAL	PUBLIC	10,000 00
SUMMERBRIDGE BREAKTHROUGH ALUMNI NETWORK	NONE	GENERAL	PUBLIC	1,250 00
UNIVERSITY SCHOOL	NONE	SCHOLARSHIPS	PUBLIC	5,000 00
UNIVERSITY SCHOOL	NONE	GENERAL	PUBLIC	5,000 00
URBAN SCHOOL	NONE	GENERAL	PUBLIC	2,500 00
WESTERN RESERVE HISTORICAL SOCIETY	NONE	Costume Collection	PUBLIC	1,250 00

682,082 00

THE PAYNE FUND

13-5563006

FORM 990PF, PART XV - CONTRIBUTIONS APPROVED FOR FUTURE PAYMENT

ATTACHMENT 12

<u>RECIPIENT NAME AND ADDRESS</u>	<u>RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT</u>	<u>PURPOSE OF GRANT OR CONTRIBUTION</u>	<u>AMOUNT</u>
CLEVELAND MUSEUM OF ART	NONE PUBLIC	BUILDING PROJECT	400,000.
GROTON SCHOOL	NONE PUBLIC	GENERAL	12,500.
CLEVELAND INSTITUTE OF MUSIC	NONE PUBLIC	CAPITAL CAMPAIGN	120,000.
FRANCES PAYNE BOLTON SCHOOL OF NURSING	NONE PUBLIC	MAY WYKLE PROFESSORSHIP	37,500.
MUSICAL ARTS ASSOCIATION	NONE PUBLIC	GENERAL	400,000.
CLEVELAND PLAY HOUSE	NONE PUBLIC	CASE MFA PROGRAM	100,000.

FORM 990PF, PART XV - CONTRIBUTIONS APPROVED FOR FUTURE PAYMENT

ATTACHMENT 12 (CONT'D)

RECIPIENT NAME AND ADDRESS	RELATIONSHIP TO SUBSTANTIAL CONTRIBUTOR AND FOUNDATION STATUS OF RECIPIENT	PURPOSE OF GRANT OR CONTRIBUTION	AMOUNT
AMERICAN COLLEGE OF GREECE	NONE PUBLIC	GENERAL	125,000.
CLEVELAND MUSEUM OF NATURAL HISTORY	NONE PUBLIC	GENERAL	250,000.
MUSEUM OF CONTEMPORARY ART CLEVELAND	NONE PUBLIC	GENERAL	12,500.
MISS PORTER SCHOOL	NONE PUBLIC	GENERAL	50,000.
UNIVERSITY SCHOOL	NONE PUBLIC	CAPITAL CAMPAIGN	250,000.
GEORGIA INSTITUTE OF TECHNOLOGY	NONE PUBLIC	GENERAL	10,000.
TOTAL CONTRIBUTIONS APPROVED			<u>1,167,500.</u>

Application for Extension of Time To File an Exempt Organization Return

▶ **File a separate application for each return.**

• If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box **X**

• If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

Enter filer's identifying number, see instructions

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization or other filer, see instructions	Employer identification number (EIN) or
	THE PAYNE FUND	13-5563006
	Number, street, and room or suite no. If a P O box, see instructions	Social security number (SSN)
	50 PUBLIC SQUARE SUITE 4100	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions	
	CLEVELAND, OH 44113	

Enter the Return code for the return that this application is for (file a separate application for each return)

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720- (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ▶ CHARLES P. BOLTON

Telephone No ▶ 216 696-1621 FAX No ▶ _____

• If the organization does not have an office or place of business in the United States, check this box

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 08/15, 2013, to file the exempt organization return for the organization named above. The extension is for the organization's return for.

▶ calendar year 2012 or

▶ tax year beginning _____, 20____, and ending _____, 20____.

2 If the tax year entered in line 1 is for less than 12 months, check reason Initial return Final return Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	3a \$	2,515.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit	3b \$	597.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c \$	3,000.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions

For Privacy Act and Paperwork Reduction Act Notice, see Instructions.

- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only Part II and check this box. X
- Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Type or print <small>File by the due date for filing your return. See instructions.</small>	Name of exempt organization or other filer, see instructions. THE PAYNE FUND	Enter filer's identifying number, see instructions Employer identification number (EIN) or 13-5563006
	Number, street, and room or suite no. If a P.O. box, see instructions. 50 PUBLIC SQUARE SUITE 4100	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. CLEVELAND, OH 44113	

Enter the Return code for the return that this application is for (file a separate application for each return) **04**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (Individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in the care of **CHARLES P. BOLTON**
 Telephone No. **216 696-1621** FAX No. _____
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____ . If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until 11/15, 2013 .

5 For calendar year 2012, or other tax year beginning _____, 20____, and ending _____, 20____ .

6 If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension **THE ORGANIZATION IS REQUESTING ADDITIONAL TIME TO OBTAIN THE INFORMATION NEEDED TO FILE A COMPLETE AND ACCURATE RETURN.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	8a \$	2,515.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b \$	597.
c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	8c \$	3,000.

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature _____ Title _____ Date _____