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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.

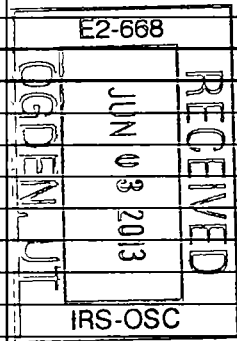
Open to public inspection

For calendar year 2012 or tax year beginning

, and ending

Name of foundation THE FALCON FUND FOUNDATION		A Employer identification number 14-1818663
Number and street (or P O box number if mail is not delivered to street address) c/o BSK 111 WASHINGTON AVE.	Room/suite	B Telephone number 518-533-3240
City or town, state, and ZIP code ALBANY, NY 12210		C If exemption application is pending, check here <input type="checkbox"/>
G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		D 1. Foreign organizations, check here <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation <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		E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/>
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) \$ 2,805,401. (Part I, column (d) must be on cash basis.)	J Accounting method: <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>

Part I Analysis of Revenue and Expenses <small>(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))</small>	(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	562,670.		N/A	
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments	303.	303.		Statement 2
4 Dividends and interest from securities	62,917.	62,917.		Statement 3
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	<6,342.>			Statement 1
b Gross sales price for all assets on line 6a	631,063.			
7 Capital gain net income (from Part IV, line 2)		0.		
8 Net short-term capital gain				
9 Income modifications				
10a Gross sales less returns and allowances				
b Less Cost of goods sold				
c Gross profit or (loss)				
11 Other income				
12 Total. Add lines 1 through 11	619,548.	63,220.		
13 Compensation of officers, directors, trustees, etc	0.	0.		0.
14 Other employee salaries and wages				
15 Pension plans, employee benefits				
16a Legal fees				
b Accounting fees				
c Other professional fees				
17 Interest				
18 Taxes Stmt 4	20,183.	0.		0.
19 Depreciation and depletion				
20 Occupancy				
21 Travel, conferences, and meetings				
22 Printing and publications				
23 Other expenses Stmt 5	1,797.	1,297.		0.
24 Total operating and administrative expenses. Add lines 13 through 23	21,980.	1,297.		0.
25 Contributions, gifts, grants paid	258,250.			258,250.
26 Total expenses and disbursements. Add lines 24 and 25	280,230.	1,297.		258,250.
27 Subtract line 26 from line 12:				
a Excess of revenue over expenses and disbursements	339,318.			
b Net investment income (if negative, enter -0-)		61,923.		
c Adjusted net income (if negative, enter -0-)			N/A	



6

Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only		Beginning of year		End of year	
				(a) Book Value	(b) Book Value	(c) Fair Market Value	
Assets	1	Cash - non-interest-bearing		226,616.	621,465.	621,465.	
	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					
	7	Other notes and loans receivable ▶					
		Less: allowance for doubtful accounts ▶					
	8	Inventories for sale or use					
	9	Prepaid expenses and deferred charges					
	10a	Investments - U.S. and state government obligations Stmt 8		250,585.	0.	0.	
	b	Investments - corporate stock Stmt 9		700,130.	864,808.	888,025.	
	c	Investments - corporate bonds Stmt 10		1,230,596.	1,248,957.	1,295,911.	
11	Investments - land, buildings, and equipment basis ▶						
	Less accumulated depreciation ▶						
12	Investments - mortgage loans						
13	Investments - other						
14	Land, buildings, and equipment basis ▶						
	Less accumulated depreciation ▶						
15	Other assets (describe ▶ _____)						
16 Total assets (to be completed by all filers)				2,407,927.	2,735,230.	2,805,401.	
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					
	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 type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.						
	24	Unrestricted					
	25	Temporarily restricted					
	26	Permanently restricted					
	Foundations that do not follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 31.						
	27	Capital stock, trust principal, or current funds		0.	0.		
	28	Paid-in or capital surplus, or land, bldg., and equipment fund		0.	0.		
29	Retained earnings, accumulated income, endowment, or other funds		2,407,927.	2,735,230.			
30 Total net assets or fund balances				2,407,927.	2,735,230.		
31 Total liabilities and net assets/fund balances				2,407,927.	2,735,230.		

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	2,407,927.
2	Enter amount from Part I, line 27a	2	339,318.
3	Other increases not included in line 2 (itemize) ▶ _____	3	0.
4	Add lines 1, 2, and 3	4	2,747,245.
5	Decreases not included in line 2 (itemize) ▶ <u>See Statement 7</u>	5	12,015.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	2,735,230.

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			
b See Attached Statement			
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 631,063.		642,997.	<11,934.>

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
a			
b			
c			
d			
e			<11,934.>

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	<11,934.>
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). If (loss), enter -0- in Part I, line 8		3	N/A

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	196,500.	2,033,405.	.096636
2010	387,822.	1,079,451.	.359277
2009	458,119.	1,225,711.	.373758
2008	598,280.	1,225,791.	.488077
2007	205,279.	2,143,818.	.095754

2 Total of line 1, column (d)	2	1.413502
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	.282700
4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	4	2,377,692.
5 Multiply line 4 by line 3	5	672,174.
6 Enter 1% of net investment income (1% of Part I, line 27b)	6	619.
7 Add lines 5 and 6	7	672,793.
8 Enter qualifying distributions from Part XII, line 4	8	258,250.

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

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

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary-see instructions)		
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here <input type="checkbox"/> and enter 1% of Part I, line 27b	1	1,238.
c	All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b).		
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	2	0.
3	Add lines 1 and 2	3	1,238.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-)	4	0.
5	Tax based on investment income. Subtract line 4 from line 3. If zero or less, enter -0-	5	1,238.
6	Credits/Payments:		
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	
b	Exempt foreign organizations - tax withheld at source	6b	
c	Tax paid with application for extension of time to file (Form 8868)	6c	
d	Backup withholding erroneously withheld	6d	
7	Total credits and payments. Add lines 6a through 6d	7	0.
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached	8	29.
9	Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed	9	1,267.
10	Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid	10	
11	Enter the amount of line 10 to be: Credited to 2013 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	11	

Part VII-A Statements Regarding Activities

	Yes	No
1a		X
1b		X
If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		
1c		X
d		
(1) On the foundation. <input type="checkbox"/> \$ 0. (2) On foundation managers. <input type="checkbox"/> \$ 0.		
e		
Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. <input type="checkbox"/> \$ 0.		
2		X
If "Yes," attach a detailed description of the activities		
3		X
If "Yes," attach a conformed copy of the changes		
4a		X
4b		
N/A		
5		X
If "Yes," attach the statement required by General Instruction T.		
6	X	
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?		
7	X	
If "Yes," complete Part II, col (c), and Part XV		
8a		
MA		
8b	X	
9		X
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)			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)			X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ <u>N/A</u>	X		
14	The books are in care of ▶ <u>John R. Aldrich</u> Telephone no. ▶ <u>518-533-3240</u> Located at ▶ <u>c/o BSK 111 Washington Ave, Albany, NY</u> ZIP+4 ▶ <u>12210</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			
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? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country ▶		Yes	No
		16		X

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

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

		Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person? <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 type="checkbox"/> Yes <input checked="" 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"/> <u>N/A</u>	1b	
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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.) <u>N/A</u>	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? <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.) <u>N/A</u>	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)? 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 **N/A** 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 **N/A**

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 **N/A** 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.

(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
See Statement 11		0.	0.	0.

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

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
NONE		

Total number of others receiving over \$50,000 for professional services ▶ 0

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
1 NONE	
	0.
2	
3	
4	

Part IX-B Summary of Program-Related Investments

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.	Amount
1 NONE	
	0.
2	
All other program-related investments. See instructions.	
3 NONE	
	0.
Total. Add lines 1 through 3 ▶	0.

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	1,950,512.
b	Average of monthly cash balances	1b	463,389.
c	Fair market value of all other assets	1c	
d	Total (add lines 1a, b, and c)	1d	2,413,901.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	2,413,901.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	36,209.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	2,377,692.
6	Minimum investment return. Enter 5% of line 5	6	118,885.

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	118,885.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	1,238.
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,238.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	117,647.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	117,647.
6	Deduction from distributable amount (see instructions)	6	0.
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	117,647.

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	258,250.
b	Program-related investments - total from Part IX-B	1b	0.
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	
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	258,250.
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	5	0.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	258,250.

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				117,647.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			0.	
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007	99,730.			
b From 2008	598,850.			
c From 2009	396,833.			
d From 2010	334,405.			
e From 2011	115,640.			
f Total of lines 3a through e	1,545,458.			
4 Qualifying distributions for 2012 from Part XII, line 4: ▶ \$ 258,250.				
a Applied to 2011, but not more than line 2a			0.	
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)	0.			
d Applied to 2012 distributable amount				117,647.
e Remaining amount distributed out of corpus	140,603.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))	0.			0.
6 Enter the net total of each column as indicated below:	1,686,061.			
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
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 instr.			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)	0.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7	99,730.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	1,586,331.			
10 Analysis of line 9:				
a Excess from 2008	598,850.			
b Excess from 2009	396,833.			
c Excess from 2010	334,405.			
d Excess from 2011	115,640.			
e Excess from 2012	140,603.			

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

N/A

1 a 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)

2 a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed

	Tax year				(e) Total
	(a) 2012	(b) 2011	Prior 3 years		
			(c) 2010	(d) 2009	
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).)

JEAN J. BEARD

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:

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	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a Paid during the year				
AMHERST CINEMA PROJECT 28 AMITY STREET AMHERST, MA 01002	NONE	PUBLIC CHARITY	GENERAL PURPOSES	50,000.
AMHERST SURVIVAL CENTER 138 SUNDERLAND ROAD AMHERST, MA 01002	NONE	PUBLIC CHARITY	GENERAL PURPOSES	7,500.
COMMUNITY DISPUTE SETTLEMENT CENTER 60 GORE STREET CAMBRIDGE, MA 02141	NONE	PUBLIC CHARITY	GENERAL PURPOSES	5,000.
CORLEARS SCHOOL 324 WEST 15TH STREET NEW YORK, NY 10011	NONE	PUBLIC CHARITY	GENERAL PURPOSES	25,000.
DEMOCRACY NOW 207 W. 25TH ST., 11TH FLOOR NEW YORK, NY 10001	NONE	PUBLIC CHARITY	GENERAL PURPOSES	50,000.
Total	See continuation sheet(s)			258,250.
b Approved for future payment				
None				
Total				
				0.

Schedule B

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury
Internal Revenue Service**Schedule of Contributors**

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

OMB No 1545-0047

2012

Name of the organization

Employer identification number

THE FALCON FUND FOUNDATION**14-1818663**

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 foundationCheck 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).**LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2012)**

Name of organization THE FALCON FUND FOUNDATION	Employer identification number 14-1818663
-----------------------------------------------------------	-----------------------------------------------------

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	THE 2004 FALCON FUND C.L.T. 15 SHERRY CIRCLE AMHERST, MA 01002	\$ 191,650.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	JEAN J. BEARD 15 SHERRY CIRCLE AMHERST, MA 01002	\$ 71,020.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	JEAN J. BEARD 15 SHERRY CIRCLE AMHERST, MA 01002	\$ 300,000.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of 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 FALCON FUND FOUNDATION	Employer identification number 14-1818663
-----------------------------------------------------------	-----------------------------------------------------

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
2	2,000 SHARES WILLIAMS COS INC	\$ 71,020.	07/22/12
3	MARKETABLE SECURITIES AS LISTED ON FOOTNOTE	\$ 300,000.	12/26/12
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____
		\$ _____	_____

Name of organization THE FALCON FUND FOUNDATION	Employer identification number 14-1818663
-----------------------------------------------------------	-----------------------------------------------------

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) ▶ \$ _____
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

THE FALCON FUND FOUNDATION

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 250,000 FEDERAL HOME LN BKS FIXED RATE	P	03/21/11	03/23/12
b 75,000 AT&T GLOBAL NT 6.700% 11/15/13	P	12/18/08	06/29/12
c 100,000 TARGET CORP NT 5.875% 03/01/12	P	12/18/08	03/01/12
d 799.744 SH VANGUARD 500 INDEX FUND	P	02/13/06	03/07/12
e 92.980 SH VANGUARD 500 INDEX FUND	P	05/18/07	03/07/12
f 706.764 SH VANGUARD 500 INDEX FUND	P	06/18/07	03/07/12
g			
h			
i			
j			
k			
l			
m			
n			
o			

(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 250,000.		252,500.	<2,500.>
b 81,063.		79,880.	1,183.
c 100,000.		104,275.	<4,275.>
d 100,000.		93,268.	6,732.
e 11,626.		13,069.	<1,443.>
f 88,374.		100,005.	<11,631.>
g			
h			
i			
j			
k			
l			
m			
n			
o			

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

(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any	(l) Losses (from col. (h)) Gains (excess of col. (h) gain over col. (k), but not less than "-0-")
a			<2,500.>
b			1,183.
c			<4,275.>
d			6,732.
e			<1,443.>
f			<11,631.>
g			
h			
i			
j			
k			
l			
m			
n			
o			

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	<11,934.>
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). If (loss), enter "-0-" in Part I, line 8 }	3	N/A

THE FALCON FUND FOUNDATION

14-1818663

Part XV Supplementary Information

3 Grants and Contributions Paid During the Year (Continuation)

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
GRACE CHURCH SCHOOL 86 4TH AVENUE NEW YORK, NY 10003	NONE	PUBLIC CHARITY	GENERAL PURPOSES	2,500.
KESTRAL TRUST 233 NORTH PLEASANT STREET AMHERST, MA 01002	NONE	PUBLIC CHARITY	GENERAL PURPOSES	10,000.
MASS HUMANITIES 66 BRIDGE STREET NORTHAMPTON, MA 01060	NONE	PUBLIC CHARITY	GENERAL PURPOSES	7,500.
MEADOW CITY CONSERVATION COALITION 40 VALLEY STREET NORTHAMPTON, MA 01060	NONE	PUBLIC CHARITY	GENERAL PURPOSES	25,000.
MOTHER WOMAN PO BOX 2635 AMHERST, MA 01004	NONE	PUBLIC CHARITY	GENERAL PURPOSES	10,000.
NORTHAMPTON SURVIVAL CENTER 265 PROSPECT STREET NORTHAMPTON, MA 01060	NONE	PUBLIC CHARITY	GENERAL PURPOSES	11,000.
PREP FOR PREP 328 WEST 71ST STREET NEW YORK, NY 10023-3502	NONE	PUBLIC CHARITY	GENERAL PURPOSES	15,000.
READ WORKS 219 W. 135TH STREET NEW YORK, NY 10030	NONE	PUBLIC CHARITY	GENERAL PURPOSES	10,000.
ROE EVENT FOUNDATION C/O SUSAN LOWENSTEIN CHESTNUT STREET AMHERST, MA 01002	NONE	PUBLIC CHARITY	GENERAL PURPOSES	250.
SAFE PASSAGE 81 BRIDGE ST, SUITE 104 YARMOUTH, ME 04096	NONE	PUBLIC CHARITY	GENERAL PURPOSES	1,000.
Total from continuation sheets				120,750.

Form 990-PF Gain or (Loss) from Sale of Assets Statement 1

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.	(f) Gain or Loss
250,000 FEDERAL HOME LN BKS FIXED RATE	250,000.	250,000.	0.	0.	0.

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.	(f) Gain or Loss
75,000 AT&T GLOBAL NT 6.700% 11/15/13	81,063.	81,063.	0.	0.	0.

(a) Description of Property	(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.	(f) Gain or Loss
100,000 TARGET CORP NT 5.875% 03/01/12	100,000.	100,000.	0.	0.	0.

(a) Description of Property	Manner Acquired	Date Acquired	Date Sold
799.744 SH VANGUARD 500 INDEX FUND		02/13/06	03/07/12
(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.
100,000.	93,268.	0.	0.
(f) Gain or Loss	6,732.		

(a) Description of Property	Manner Acquired	Date Acquired	Date Sold
92.980 SH VANGUARD 500 INDEX FUND		05/18/07	03/07/12
(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.
11,626.	13,069.	0.	0.
(f) Gain or Loss	<1,443.>		

(a) Description of Property	Manner Acquired	Date Acquired	Date Sold
706.764 SH VANGUARD 500 INDEX FUND	Purchased	06/18/07	03/07/12
(b) Gross Sales Price	(c) Cost or Other Basis	(d) Expense of Sale	(e) Deprec.
88,374.	100,005.	0.	0.
(f) Gain or Loss	<11,631.>		

Capital Gains Dividends from Part IV	0.
Total to Form 990-PF, Part I, line 6a	<6,342.>

Form 990-PF Interest on Savings and Temporary Cash Investments Statement 2

Source	Amount
PERSHING LLC (CREDIT SUISSE 214-012387)	303.
Total to Form 990-PF, Part I, line 3, Column A	303.

Form 990-PF Dividends and Interest from Securities Statement 3

Source	Gross Amount	Capital Gains Dividends	Column (A) Amount
PERSHING LLC (CREDIT SUISSE 214-012387)	11,359.	0.	11,359.
PERSHING LLC (CREDIT SUISSE 214-012387)	51,558.	0.	51,558.
Total to Fm 990-PF, Part I, ln 4	62,917.	0.	62,917.

Form 990-PF Taxes Statement 4

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
2011 FORM 990-PF TAX	20,183.	0.		0.
To Form 990-PF, Pg 1, ln 18	20,183.	0.		0.

Form 990-PF Other Expenses Statement 5

Description	(a) Expenses Per Books	(b) Net Invest- ment Income	(c) Adjusted Net Income	(d) Charitable Purposes
CREDIT SUISSE ANNUAL ACCOUNT FEE	75.	75.		0.
COMMONWEALTH OF MASSACHUSETTS - FILING FEE	500.	0.		0.
PERSHING LLC - ACCRUED INTEREST PURCHASED	1,222.	1,222.		0.
To Form 990-PF, Pg 1, ln 23	1,797.	1,297.		0.

Footnotes Statement 6

ATTACHMENT TO SCHEDULE B

2,500 SHARES NOBLE CORP	87,850.
2,000 SHARES CANADIAN OIL SANDS	39,880.
1,000 SHARES LABORATORY CORP AMER HLDGS	86,640.
400 SHARES ROPER INDUSTRIES	43,888.
479 SHARES WATERS CORP	41,742.
TOTAL	<u>300,000.</u>

Form 990-PF	Other Decreases in Net Assets or Fund Balances	Statement	7
Description		Amount	
BOND AMORTIZATION ADJUSTMENT			12,014.
ROUNDING			1.
Total to Form 990-PF, Part III, line 5			12,015.

Form 990-PF	U.S. and State/City Government Obligations		Statement	8
Description	U.S. Gov't	Other Gov't	Book Value	Fair Market Value
U.S. GOVERNMENT BONDS	X		0.	0.
Total U.S. Government Obligations				
Total State and Municipal Government Obligations				
Total to Form 990-PF, Part II, line 10a			0.	0.

Form 990-PF	Corporate Stock		Statement	9
Description			Book Value	Fair Market Value
CANADIAN OIL SANDS LTD			39,880.	40,526.
LABORATORY CORP AMER HLDGS			86,640.	86,620.
MUTUAL FUNDS			493,788.	521,227.
NOBLE CORPORATION BAAR NAMEN AKT			87,850.	87,850.
ROPER INDUSTRIES INC NEW			43,888.	44,592.
WATERS CORP			41,742.	41,730.
WILLIAMS COS INC			71,020.	65,480.
Total to Form 990-PF, Part II, line 10b			864,808.	888,025.

Form 990-PF Corporate Bonds Statement 10

Description	Book Value	Fair Market Value
CORPORATE BONDS	1,248,957.	1,295,911.
Total to Form 990-PF, Part II, line 10c	1,248,957.	1,295,911.

Form 990-PF Part VIII - List of Officers, Directors Trustees and Foundation Managers Statement 11

Name and Address	Title and Avrg Hrs/Wk	Compen-sation	Employee Ben Plan Contrib	Expense Account
JEAN J. BEARD 15 SHERRY CIRCLE AMHERST, MA 01002	TRUSTEE/SEC 0.00	0.	0.	0.
LEILA J. LINEN 6830 NORTH OCEAN BLVD #3S OCEAN RIDGE, FL 33435	TRUSTEE 0.00	0.	0.	0.
ANSON H. BEARD 131 FIFTH AVENUE, UNIT 602 NEW YORK, NY 10003	TRUSTEE 0.00	0.	0.	0.
JAMES McCOOK BEARD 74 5TH AVENUE, APT. 602 NEW YORK, NY 10011	TRUSTEE 0.00	0.	0.	0.
JOHN R. ALDRICH 111 WASHINGTON AVENUE ALBANY, NY 12210-2214	TRUSTEE 0.00	0.	0.	0.
Totals included on 990-PF, Page 6, Part VIII		0.	0.	0.

Statement Period: 12/01/2012 - 12/31/2012

Portfolio Holdings (continued)

Cash, Money Funds, and Bank Deposits (continued)

Money Market

Quantity	Opening Date	Account Number	Activity Ending	Opening Balance	Closing Balance	Accrued Income	Income This Year	30-Day Yield	Current Yield
	12/01/12	0000001355	12/31/12	500,191.32	429,814.21	0.00	303.05	0.02%	0.01%
Total Money Market				\$500,191.32	\$429,814.21	\$0.00	\$303.05		

Total Cash, Money Funds, and Bank Deposits

				\$500,191.32	\$621,464.54	\$0.00	\$303.05		
--	--	--	--	---------------------	---------------------	---------------	-----------------	--	--

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield
----------	------------------	-----------	---------------------	--------------	--------------	----------------------	------------------	-------------------------	-----------------

Fixed Income 46.00% of Portfolio (In Maturity Date Sequence)

Corporate Bonds

Security Identifier: 46625HHN3

JPMORGAN CHASE & CO NT

4.650% 06/01/14 B/E DTD 05/18/09

1ST CPN DTE 12/01/09 CPN PMT SEMI ANNUAL Moody Rating A2 S

& P Rating A

250,000.00 of these shares are in your margin account

250,000.000 03/23/11 * 103.5660

258,913.75

Original Cost Basis: \$269,577.50

105.3610

263,402.50

4,488.75

968.75

11,625.00

4.41%

BERKSHIRE HATHAWAY FIN CORP GTD SR NT

FIXED RT 2.450% 12/15/15 B/E

DTD 12/15/10 CALLABLE Moody Rating AA2 S & P Rating AA+

250,000.00 of these shares are in your margin account

250,000.000 10/18/11 * 102.5150

256,288.61

Original Cost Basis: \$258,740.00

105.1280

262,820.00

6,531.39

272.22

6,125.00

2.33%

KRAFT FOODS INC FIXED RT NOTE

4.125% 02/09/16 B/E DTD 02/08/10

CALLABLE 1ST CPN DTE 08/09/10 Moody Rating BAA2 S & P Rating

BBB-

250,000.000 03/23/11 * 103.8880

259,719.71

Original Cost Basis: \$264,845.00

108.9510

272,377.50

12,657.79

4,067.71

10,312.50

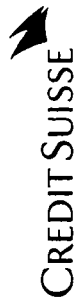
3.78%

Portfolio Holdings (continued)

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income	Estimated Yield	
Fixed Income (continued)										
Corporate Bonds (continued)										
CISCO SYS INC FIXED RATE SR NT 3.150% 03/14/17 B/E DTD 03/16/11 CALLABLE TST CPN DTE 09/14/11 Moody Rating A1 S & P Rating A+ 250,000.000 10/18/11 * 105 6330 108.6170 271,542.50 2,340.63 7,875.00 2.90%										
Original Cost Basis: \$267,887.50										
JPMORGAN CHASE & CO FIXED RT NTS 4.400% 07/22/20 B/E DTD 07/22/10 1ST CPN DTE 01/22/11 CPN PMT SEMI ANNUAL Moody Rating A2 S & P Rating A 200,000.00 of these shares are in your margin account 200,000.000 03/07/12 * 104 9760 112.8840 225,768.00 3,886.67 8,800.00 3.89%										
Original Cost Basis: \$210,854.00										
Total Corporate Bonds										
1,200,000.000						\$1,248,957.25		\$11,535.98		\$44,737.50
Total Fixed Income										
1,200,000.000						\$1,295,910.50		\$11,535.98		\$44,737.50

Quantity	Acquisition Date	Unit Cost	Adjusted Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Estimated Annual Income	Estimated Yield
Equities 13.00% of Portfolio								
Common Stocks								
5NOBLE CORPORATION BAAR NAMED AKT ISIN#CH0033347318 CUSIP: H5833N103 Dividend Option: Cash 2,500.00 of these shares are in your margin account 2,500.000 12/26/12 * N/A Please Provide 34.8200 87,050.00 N/A 1,354.94 1.55%								
5CANADIAN OIL SANDS LTD COM ISIN#CA13643E1051. CUSIP: 13643E105 Dividend Option: Cash 2,000.00 of these shares are in your margin account 2,000.000 12/26/12 * N/A Please Provide 20.2632 40,526.41 N/A 2,820.16 6.95%								
5LABORATORY CORP AMER HLDGS COM NEW CUSIP: 50540R409 Dividend Option: Cash 1,000.00 of these shares are in your margin account 1,000.000 12/26/12 * N/A Please Provide 86.6200 86,620.00 N/A								

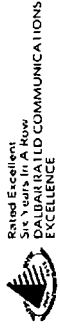




Statement Period: 12/01/2012 - 12/31/2012

Portfolio Holdings (continued)

Quantity	Acquisition Date	Unit Cost	Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Estimated Annual Income	Estimated Yield
Equities (continued)								
Common Stocks (continued)								
5PROPER INDUSTRIES INC NEW COM								
CUSIP: 716696106 Security Identifier: ROP								
Dividend Option: Cash								
400.00 of these shares are in your margin account								
400.000	12/26/12 *	N/A	Please Provide	111.4800	44,592.00	N/A	264.00	0.59%
5WATERS CORP COM								
CUSIP: 941848103 Security Identifier: WAT								
Dividend Option: Cash								
479.00 of these shares are in your margin account								
479.000	12/26/12 *	N/A	Please Provide	87.1200	41,730.48	N/A		
WILLIAMS COS INC COM								
CUSIP: 969457100 Security Identifier: WMB								
Dividend Option: Cash								
2,000.00 of these shares are in your margin account								
2,000.000	07/22/10 *	15.7920	\$31,583.13	32.7400	65,480.00	33,896.87	2,600.00	3.97%
Total Common Stocks			\$31,583.13		\$365,998.89	\$33,896.87	\$7,039.10	
Total Equities			\$31,583.13		\$365,998.89	\$33,896.87	\$7,039.10	



Portfolio Holdings (continued)

Quantity	Acquisition Date	Unit Cost	Cost Basis	Market Price	Market Value	Unrealized Gain/Loss	Estimated Annual Income	Estimated Yield
Mutual Funds 19.00% of Portfolio								
Mutual Funds								
VANGUARD 500 INDEX FUND INVESTOR SHARES Security Identifier: VFINX								
CUSIP: 922908108								
Open End Fund								
Dividend Option: Cash; Capital Gains Option Cash								
58.625	02/13/06*	116.6220	6,836.98	131.3700	7,701.57	864.59	158.23	2.05%
842.460	03/13/06*	118.7060	100,005.00	131.3700	110,673.97	10,668.97	2,273.80	2.05%
844.309	04/17/06*	118.4460	100,005.00	131.3700	110,916.87	10,911.87	2,278.79	2.05%
1,603.721	10/05/06*	124.7130	200,005.00	131.3700	210,680.83	10,675.83	4,328.44	2.05%
618.511	05/18/07*	140.5570	86,936.07	131.3700	81,253.79	-5,682.28	1,669.36	2.05%
3,967.626	Total Noncovered		493,788.05		521,227.03	27,438.98	10,708.62	
3,967.626	Total		\$493,788.05		\$521,227.03	\$27,438.98	\$10,708.62	
Total Mutual Funds								
			\$493,788.05		\$521,227.03	\$27,438.98	\$10,708.62	
Total Mutual Funds								
			\$493,788.05		\$521,227.03	\$27,438.98	\$10,708.62	

Total Portfolio Holdings

Cost Basis	Market Value	Unrealized Gain/Loss	Accrued Interest	Estimated Annual Income
\$2,395,792.97	\$2,804,600.96	\$108,289.10	\$11,535.98	\$62,788.27

* Noncovered under the cost basis rules as defined below

Securities acquired before 2011 are generally not subject to the new cost basis reporting rules set forth in the Internal Revenue Code of 1986, as amended ("IRC") (incorporating amendments enacted by P.L. 110-343, the Emergency Economic Stabilization Act of 2008) and are, therefore, considered "noncovered," under the new cost basis reporting rules, and marked or denoted as such. All other securities in this section are securities which are "covered" under the new cost basis reporting rules. Securities which are "covered" under the new cost basis reporting rules are defined as securities which have been acquired on or after their "applicable date(s)" at which they are subject to the cost basis reporting rules and the adjusted basis will be reported to the IRS on form 1099-B for the applicable tax year in which the security is disposed

Reporting requirements generally will be phased in over a three-year period, as follows.

- Stock in a corporation acquired on or after January 1, 2011
- Mutual funds and dividend reinvestment plan (DRP) shares acquired on or after January 1, 2012
- Other securities, principally debt securities and options, acquired on or after January 1, 2013, or later, as determined by the Secretary of the Treasury.

Cost Basis on fixed income securities is adjusted for amortization, accretion or principal paydowns. The method of calculation is based upon the type of fixed income security and certain attributes, obtained from sources believed to be reliable. In the event, one or more of these attributes is changed, there may be a temporary incorrect adjusted cost basis reflected until the portfolio system is amended to reflect this change. These calculations will not be performed under certain circumstances, including those involving continuously callable bonds, foreign bonds, variable rates, bonds in default, index-linked bonds, bonds sold short or bonds that have a negative yield. This information is meant as a general guide and you should consult your tax advisor in the preparation of your tax returns.

3 The cost basis of this security has been provided to us by you or your introducing firm and Pershing makes no representation as to the accuracy of this information.

5 Unrealized gains and losses are not reported for securities for which cost basis or market value is not available

Disclosures and Other Information

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