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Form

990-PF

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Nonexempt Charitable Trust

Treated as a Private Foundation

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

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012, or tax year beginning 01-01-2012 , and ending 12-31-2012

Name of foundation THE PALETTE FUND INC		A Employer identification number 26-2736653	
% TERRENCE MECK		B Telephone number (see instructions) (646) 861-3292	
Number and street (or P O box number if mail is not delivered to street address) 1201 BROADWAY Suite 504		Room/suite	
City or town, state, and ZIP code NEW YORK, NY 10001		C If exemption application is pending, check here <input type="checkbox"/>	
G Check all that apply <div><input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input checked="" type="checkbox"/> Address change</div> <div><input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Amended return <input type="checkbox"/> Name change</div>		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) <input checked="" type="checkbox"/> \$ 20,912,442		F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>	
J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d) must be on cash basis.)			

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) (see instructions))</small>		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1 Contributions, gifts, grants, etc , received (attach schedule)	4,201,246			
	2 Check <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B				
	3 Interest on savings and temporary cash investments	350	350	350	
	4 Dividends and interest from securities.	691,273	691,273	691,273	
	5a Gross rents				
	b Net rental income or (loss) _____				
	6a Net gain or (loss) from sale of assets not on line 10	380,856			
	b Gross sales price for all assets on line 6a _____ 7,249,438				
	7 Capital gain net income (from Part IV, line 2)		380,856		
	8 Net short-term capital gain				
	9 Income modifications				
	10a Gross sales less returns and allowances				
Operating and Administrative Expenses	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	5,273,725	1,072,479	691,623	
	13 Compensation of officers, directors, trustees, etc	103,077			103,077
	14 Other employee salaries and wages	135,404			101,539
	15 Pension plans, employee benefits	21,211			18,346
	16a Legal fees (attach schedule).	2,404	0	0	2,404
	b Accounting fees (attach schedule).	14,335	11,500	0	2,835
	c Other professional fees (attach schedule)	189,737	69,467		120,270
	17 Interest				
	18 Taxes (attach schedule) (see instructions)	34,218	8,601		23,541
	19 Depreciation (attach schedule) and depletion	22,542			
	20 Occupancy	11,390			11,390
	21 Travel, conferences, and meetings	57,805			57,805
	22 Printing and publications				
	23 Other expenses (attach schedule).	134,359	26,098		108,261
	24 Total operating and administrative expenses. Add lines 13 through 23	726,482	115,666	0	549,468
	25 Contributions, gifts, grants paid.	944,205			944,205
	26 Total expenses and disbursements. Add lines 24 and 25	1,670,687	115,666	0	1,493,673
	27 Subtract line 26 from line 12				
	a Excess of revenue over expenses and disbursements	3,603,038			
	b Net investment income (if negative, enter -0-)		956,813		
	c Adjusted net income (if negative, enter -0-)			691,623	

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	24,326	34,395	34,396
	2	Savings and temporary cash investments	829,622	1,702,514	1,702,514
	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 page 15 of the instructions)			
	7	Other notes and loans receivable (attach schedule) ▶ 3,095,647 Less allowance for doubtful accounts ▶ _____		3,095,647	3,095,647
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments—U S and state government obligations (attach schedule)			
	b	Investments—corporate stock (attach schedule)	5,155,511	4,723,568	4,891,266
	c	Investments—corporate bonds (attach schedule).	5,569,383	4,945,944	5,291,893
	11	Investments—land, buildings, and equipment basis ▶ _____ Less accumulated depreciation (attach schedule) ▶ _____			
	12	Investments—mortgage loans			
	13	Investments—other (attach schedule)	4,858,972	5,546,390	5,896,726
	14	Land, buildings, and equipment basis ▶ 891,590 Less accumulated depreciation (attach schedule) ▶ 65,440	833,756	826,150	
15	Other assets (describe ▶ _____)				
16	Total assets (to be completed by all filers—see the instructions Also, see page 1, item I)	17,271,570	20,874,608	20,912,442	
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ▶ _____)			
	23	Total liabilities (add lines 17 through 22)		0	
Net Assets or Fund Balances		Foundations that follow SFAS 117, check here ▶ <input checked="" type="checkbox"/> and complete lines 24 through 26 and lines 30 and 31.			
	24	Unrestricted	17,271,570	20,874,608	
	25	Temporarily restricted			
	26	Permanently restricted			
		Foundations that do not follow SFAS 117, check here ▶ <input type="checkbox"/> and complete lines 27 through 31.			
	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 page 17 of the instructions)	17,271,570	20,874,608	
	31	Total liabilities and net assets/fund balances (see page 17 of the instructions)	17,271,570	20,874,608	

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)	17,271,570
2	Enter amount from Part I, line 27a	3,603,038
3	Other increases not included in line 2 (itemize) ▶ _____	
4	Add lines 1, 2, and 3	20,874,608
5	Decreases not included in line 2 (itemize) ▶ _____	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	20,874,608

Part IV Capital Gains and Losses for Tax on Investment Income

(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1a	See Additional Data Table			
b				
c				
d				
e				

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

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

2	Capital gain net income or (net capital loss)	{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }	2	380,856
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	

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

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

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

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

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

1 Enter the appropriate amount in each column for each year, see page 18 of 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	1,477,353	17,983,257	0 082152
2010	1,111,688	13,562,196	0 08197
2009	394,692	7,324,506	0 053887
2008	35,665	616,454	0 057855
2007			

2	Total of line 1, column (d).	2	0 275864
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 068966
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	18,369,423
5	Multiply line 4 by line 3.	5	1,266,866
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	9,568
7	Add lines 5 and 6.	7	1,276,434
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	8	1,493,673

Part VIExcise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the 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 checked="" type="checkbox"/> and enter 1% of Part I, line 27b		1	9,568
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	
3		Add lines 1 and 2.		3	9,568
4		Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	
5		Tax based on investment income. Subtract line 4 from line 3 If zero or less, enter -0-		5	9,568
6		Credits/Payments			
a		2012 estimated tax payments and 2011 overpayment credited to 2012	6a	12,343	
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	12,343
8		Enter any penalty for underpayment of estimated tax Check here <input type="checkbox"/> if Form 2220 is attached		8	
9		Tax due. If the total of lines 5 and 8 is more than line 7, enter amount owed		9	
10		Overpayment. If line 7 is more than the total of lines 5 and 8, enter the amount overpaid.		10	2,775
11		Enter the amount of line 10 to be Credited to 2013 estimated tax	2,775	Refunded	

Part VII-AStatements Regarding Activities

1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? <input checked="" type="checkbox"/>		Yes	No
		1a		No
b	Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?			No
	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.			
c	Did the foundation file Form 1120-POL for this year?.	1c		No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year (1) On the foundation <input checked="" type="checkbox"/> \$ _____ (2) On foundation managers <input checked="" type="checkbox"/> \$ _____			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers <input checked="" type="checkbox"/> \$ _____			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS?	2		No
	If "Yes," attach a detailed description of the activities.			
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes <input checked="" type="checkbox"/>	3		No
4a	Did the foundation have unrelated business gross income of \$1,000 or more during the year?.	4a		No
b	If "Yes," has it filed a tax return on Form 990-T for this year?.	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year?	5		No
	If "Yes," attach the statement required by General Instruction T. <input checked="" type="checkbox"/>			
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either			
	• By language in the governing instrument, or			
	• By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7	Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col (c), and Part XV	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) <input checked="" type="checkbox"/> NY _____			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation .	8b	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? If "Yes," complete Part XIV	9		No
10	Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	10		No

Part VII-A

Statements Regarding Activities *(continued)*

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11		No
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	
Website address ▶WWW.THEPALETTEFUND.ORG				
14	The books are in care of ▶TERRENCE MECKTelephone no ▶(646) 861-3292 Located at ▶1201 BROADWAY SUITE 504 NEW YORK NYZIP +4 ▶10001			
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 —Check here ▶ <input type="checkbox"/> 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?	16		No
See instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes", enter the name of the foreign country ▶				

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			Yes	No
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 page 20 of the instructions)?. . . Organizations relying on a current notice regarding disaster assistance check here. ▶ <input type="checkbox"/>	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		No
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 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 ▶ 20____, 20____, 20____, 20____			
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement—see instructions).	2b		No
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here ▶ 20____, 20____, 20____, 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?. <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? (<i>Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.</i>).	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4b		No

Part VII-B

Statements Regarding Activities for Which Form 4720 May Be Required (continued)

5a	During the year did the foundation pay or incur any amount to			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	(3) Provide a grant to an individual for travel, study, or other similar purposes?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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).	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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)?		5b	
	Organizations relying on a current notice regarding disaster assistance check here.	<input checked="" type="checkbox"/>		
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?	<input type="checkbox"/> Yes <input type="checkbox"/> 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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		6b	No
	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?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?		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
TERRENCE MECK	PRESIDENT	103,077	10,385	
1201 BROADWAY NEW YORK, NY 10001	40 0			
PETER BENASSI	DIRECTOR	0		
1201 BROADWAY NEW YORK, NY 10001	2 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
BRYCE SMITH	PROGRAMS	54,000	2,423	
1201 BROADWAY STE 504 NEW YORK, NY 10001	DIRECTOR			
	40 0			
Total number of other employees paid over \$50,000.				1

Part VIII

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation

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

Part IX-A

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

Part IX-B

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See page 24 of the instructions	
3	

Total. Add lines 1 through 3. 

Part X

Minimum Investment Return (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities.	1a	10,630,792
b	Average of monthly cash balances.	1b	1,295,429
c	Fair market value of all other assets (see instructions).	1c	6,722,939
d	Total (add lines 1a, b, and c).	1d	18,649,160
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	0
3	Subtract line 2 from line 1d.	3	18,649,160
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions).	4	279,737
5	Net value of noncharitable-use assets. Subtract line 4 from line 3 Enter here and on Part V, line 4	5	18,369,423
6	Minimum investment return. Enter 5% of line 5.	6	918,471

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	918,471
2a	Tax on investment income for 2012 from Part VI, line 5.	2a	9,568
b	Income tax for 2012 (This does not include the tax from Part VI).	2b	
c	Add lines 2a and 2b.	2c	9,568
3	Distributable amount before adjustments Subtract line 2c from line 1.	3	908,903
4	Recoveries of amounts treated as qualifying distributions.	4	
5	Add lines 3 and 4.	5	908,903
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	908,903

Part XII

Qualifying Distributions (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26.	1a	1,493,673
b	Program-related investments—total from Part IX-B.	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes.	2	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required).	3a	0
b	Cash distribution test (attach the required schedule).	3b	0
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	1,493,673
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	9,568
6	Adjusted qualifying distributions. Subtract line 5 from line 4.	6	1,484,105
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				908,903
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.			0	
b Total for prior years 2010 , 2009 , 2008				
3 Excess distributions carryover, if any, to 2012				
a From 2007.				
b From 2008.	4,922			
c From 2009.	32,006			
d From 2010.	440,424			
e From 2011.	587,682			
f Total of lines 3a through e.	1,065,034			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ 1,493,673				
a Applied to 2011, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2012 distributable amount.				908,903
e Remaining amount distributed out of corpus	584,770			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a).)				
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	1,649,804			
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			0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions).				
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	1,649,804			
10 Analysis of line 9				
a Excess from 2008. . . .	4,922			
b Excess from 2009. . . .	32,006			
c Excess from 2010. . . .	440,424			
d Excess from 2011. . . .	587,682			
e Excess from 2012. . . .	584,770			

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

1a

If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling.

b

Check box to indicate whether the organization is a private operating foundation described in section 4942(j)(3) or 4942(j)(5)

☐ 4942(j)(3) or ☐ 4942(j)(5)

2a	Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed.	Tax year	Prior 3 years			(e) Total
		(a) 2012	(b) 2011	(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 XVSupplementary Information (Complete this part only if the organization had \$5,000 or more in assets at any time during the year—see instructions.)

1

Information Regarding Foundation Managers:

a

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

b

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

2

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

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

a

The name, address, and telephone number 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

Form 990-PF (2012)

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 See Additional Data Table				
Total			3a	944,205
b Approved for future payment				
Total			3b	

Enter gross amounts unless otherwise indicated		Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
		(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1	Program service revenue					
a	_____					
b	_____					
c	_____					
d	_____					
e	_____					
f	_____					
g	Fees and contracts from government agencies					
2	Membership dues and assessments. . . .					
3	Interest on savings and temporary cash investments			14	350	
4	Dividends and interest from securities. . . .			14	691,273	
5	Net rental income or (loss) from real estate					
a	Debt-financed property.					
b	Not debt-financed property.					
6	Net rental income or (loss) from personal property					
7	Other investment income.					
8	Gain or (loss) from sales of assets other than inventory			18	380,856	
9	Net income or (loss) from special events					
10	Gross profit or (loss) from sales of inventory. .					
11	Other revenue a _____					
b	_____					
c	_____					
d	_____					
e	_____					
12	Subtotal Add columns (b), (d), and (e). .				1,072,479	
13	Total. Add line 12, columns (b), (d), and (e).					1,072,479

[illegible]

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?		Yes	No
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash.	1a(1)		No
(2) Other assets.	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)		No
(3) Rental of facilities, equipment, or other assets.	1b(3)		No
(4) Reimbursement arrangements.	1b(4)		No
(5) Loans or loan guarantees.	1b(5)		No
(6) Performance of services or membership or fundraising solicitations.	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c		No
d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.			

[illegible]

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

b If "Yes," complete the following schedule

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

**Sign
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

*****	2013-11-15	*****	May the IRS discuss this return with the preparer shown below (see instr.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Signature of officer or trustee	Date	Title	

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

**Paid
Preparer
Use Only**

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed <input checked="checked" type="checkbox"/>	PTIN
Brian K Stein	Brian K Stein			
Firm's name <input type="checkbox"/>	Tarlow & Co CPA's		Firm's EIN <input type="checkbox"/>	
	7 Penn Plaza Suite 210			
Firm's address <input type="checkbox"/>	New York, NY 10001		Phone no (212) 697-8540	

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

(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)
MORGAN STANLEY ST 004 H09FK0- SEE ATTACHMENTS	P	2012-01-13	2012-12-07
MORGAN STANLEY LT 004 H09FK0- SEE ATTACHMENTS	P	2011-01-01	2012-12-31
MORGAN STANLEY ST 0A9 783992- SEE ATTACHMENTS	P	2012-01-01	2012-12-31
MORGAN STANLEY LT 0A9 783992- SEE ATTACHMENTS	P	2011-01-01	2012-12-31
MORGAN STANLEY ST 014963- SEE ATTACHMENTS	P	2012-01-01	2012-12-31
MORGAN STANLEY LT 014963- SEE ATTACHMENTS	P	2011-01-01	2012-12-31
MORGAN STANLEY LT 014425- SEE ATTACHMENTS	P	2011-01-01	2012-12-31
MORGAN STANLEY ST 014962- SEE ATTACHMENTS	P	2012-01-01	2012-12-31
MORGAN STANLEY ST 014962- SEE ATTACHMENTS	P	2012-01-01	2012-12-31
MORGAN STANLEY LT 014962- SEE ATTACHMENTS	P	2011-01-01	2012-12-31
MORGAN STANLEY LT 014962- SEE ATTACHMENTS	P	2011-01-01	2012-12-31
MORGAN STANLEY ST 016428- SEE ATTACHMENTS	P	2012-01-01	2012-12-31
WELLS FARGO LT 9742- SEEE ATTACHMENTS	P	2011-01-01	2012-12-31
WELLS FARGO ST 9742- SEEE ATTACHMENTS	P	2012-01-01	2012-12-31
WELLS FARGO ST 9742- SEEE ATTACHMENTS	P	2012-01-01	2012-12-31

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

(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
178,030		172,275	5,755
417,593		396,162	21,431
503,584		488,787	14,797
3,382,692		3,243,576	139,116
10		10	
18,209		11,146	7,063
735,012		532,173	202,839
115,805		118,498	-2,693
1,887		2,228	-341
37,607		47,020	-9,413
307,682		370,892	-63,210
56,708		67,874	-11,166
1,098,227		1,130,416	-32,189
188,036		185,754	2,282
99,788		101,771	-1,983

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

Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) or Losses (from col (h))
(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
			5,755
			21,431
			14,797
			139,116
			7,063
			202,839
			-2,693
			-341
			-9,413
			-63,210
			-11,166
			-32,189
			2,282
			-1,983


Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
BITE 690 GREENWICH STREET 4E NEW YORK,NY 10014			ZEN & PANCAN CENTER	11,788
RAINFOREST ACTION NETWORK 221 PINE STREET 5TH FL SAN FRANCISCO,CA 94104			CONTRIBUTION	12,000
TRUE COLORS FUND 330 WEST 38TH STREET SUITE 405 NEW YORK,NY 10018			CONTRIBUTION	27,000
GOD'S LOVE WE DELIVER 166 AVENUE OF THE AMERICAS NEW YORK,NY 10013			CONTRIBUTION & GRANT	55,494
THRESHOLD FOUNDATION PO BOX 29903 SAN FRANCISCO,CA 94129			CONTRIBUTION	22,245
LGBT COMMUNITY CENTER 1800 MARKEY STREET SAN FRANCISCO,CA 94012			CONTRIBUTION	2,500
NEW YORK ZEN CENTER 70A GREENWICH AVE NEW YORK,NY 10011			CONTRIBUTION	8,675
GMHC 466 WEST 34TH STREET NEW YORK,NY 10001			CONTRIBUTION	5,000
GLSEN NEW YORK CITY CHAPTER NEW YORK,NY 10001			GRANT	2,400
RAZOO FOUNDATION 1020 19th St NW 800 WASHINGTON,DC 20036			CONTRIBUTION	500
HRC FOUNDATION 1640 RHODE ISLAND AVE NW WASHINGTON,DC 20036			CONTRIBUTION	5,000
WOMEN WITH A VISION 6345 BELLAIRE DRIVE NEW ORLEANS,LA 70124			CONTRIBUTION	2,500
BROADWAY CARES 165 West 46th Street Suite 1300 NEW YORK,NY 10036			CONTRIBUTION	350
COMM RESEARCH INITIATIVE NEW YORK CITY CHAPTER NEW YORK,NY 10036			CONTRIBUTION	1,000
IN THE LIFE MEDIA NEW YORK CITY CHAPTER NEW YORK,NY 10011			CONTRIBUTION	2,500

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
JAMES BEARD NEW YORK CITY NEW YORK, NY 10001			CONTRIBUTION	760
AMERICAN PROGRESS CENTER 1333 H Street NW 10th Floor WASHINGTON, DC 20005			GRANT	1,000
FIRENDS OF HIGH LINE 529 W 20th St 8W NEW YORK, NY 10011			GRANT	5,000
FIRST DESCENTS 767 SANTA FE DRIVE DENVER, CO 80204			GRANT	25,609
ROSIE'S THEATER KIDS 455 WEST 45TH STREET NEW YORK, NY 10036			GRANT	8,000
FOOD FIGHT 285 RIVERSIDE DRIVE NEW YORK, NY 10025			GRANT	30,000
CLINTON GLOBAL INITIATIVE 610 PRESIDENT CLINTON AVE LITTLE ROCK, AR 72201			GRANT	23,000
EMPIRE STATE PRIDE 16 W 22nd St 200 NEW YORK, NY 10010			GRANT	1,200
EDIBLE SCHOOLYARD 350 AVENUE X BROOKLYN, NY 11223			GRANT	40,000
FRIENDS IN DEED 594 BROADWAY NEW YORK, NY 10012			GRANT	10,000
JEFFREY FASHION CARES 120 WALL STREET NEW YORK, NY 10005			GRANT	100,000
GREEN CHIMNEY GRANT 79 ALEXANDER AVE STE 42A BRONX, NY 10454			GRANT	7,480
HETRICK-MARTIN INSTITUTE 2 ASTOR PLACE NEW YORK, NY 10003			GRANT	5,000
LIBERTY HILLQUEER YOUTH FUND 6420 WILSHIRE BLVD LOS ANGELES, CA 90048			GRANT	99,012
MOVEMENT ADVANCEMENT PROJECT 2215 MARKET STREET DENVER, CO 80205			GRANT	30,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
a <i>Paid during the year</i>				
POINT FOUNDATION PO BOX 60108 LOS ANGELES,CA 90060			GRANT	130,925
NATIONAL LGBT CANCER NETWORK 136 WEST 16TH STREET NEWYORK,NY 10011			GRANT	25,000
PANCAN 1500 Rosecrans Avenue Suite 200 MANHATTAN BEACH,CA 90266			CONTRIBUTION	172,667
LGBT COMMUNITY CENTER 208 WEST 13TH ST NEWYORK,NY 10011			GRANT	25,000
SMITH CENTER FOR HEALING 1632 U STREET NW WASHINGTON,DC 20009			GRANT	25,000
WELLNESS IN THE SCHOOLS 466 West End Ave NEWYORK,NY 10024			GRANT	12,600
YOU CAN PLAY PROJECT 1425 DEXTER STREET DENVER,CO 80220			GRANT	8,000
Total  3a				944,205

Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors
▶ Attach to Form 990, 990-EZ, or 990-PF.

OMB No 1545-0047

2012

Name of the organization THE PALETTE FUND INC	Employer identification number 26-2736653
--	--

Organization type (check one)

Filers of:	Section:
Form 990 or 990-EZ	<input type="checkbox"/> 501(c)() (enter number) organization
	<input type="checkbox"/> 4947(a)(1) nonexempt charitable trust not treated as a private foundation
	<input type="checkbox"/> 527 political organization
Form 990-PF	<input checked="" type="checkbox"/> 501(c)(3) exempt private foundation
	<input type="checkbox"/> 4947(a)(1) nonexempt charitable trust treated as a private foundation
	<input type="checkbox"/> 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 33¹/₃% 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 PALETTE FUND INC	Employer identification number 26-2736653
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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
<u>1</u>	ESTATE OF RAND SKOLNICK 222 WEST 14TH STREET NEW YORK, NY 10011	\$ 4,160,672	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u>2</u>	CAMBR CHARITABLE FOUNDATION TRUST 410 OCEAN AVE LYNBROOK, NY 11563	\$ 25,000	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u> </u>		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u> </u>		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u> </u>		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u> </u>		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
<u> </u>		\$	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 PALETTE FUND INC	Employer identification number 26-2736653
---	---

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 PALETTE FUND INC	Employer identification number 26-2736653
---	---

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

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

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2012 Depreciation Schedule

Name: THE PALETTE FUND INC

EIN: 26-2736653

Description of Property	Date Acquired	Cost or Other Basis	Prior Years' Depreciation	Computation Method	Rate / Life (# of years)	Current Year's Depreciation Expense	Net Investment Income	Adjusted Net Income	Cost of Goods Sold Not Included
222 WEST 14TH ST	2010-12-09	780,247	40,013	SL	39	20,006			
IMPROVEMENTS	2010-12-09	16,103	826	SL	39	413			
IMPROVEMENTS	2011-03-18	80,304	2,059	SL	39	2,059			
IMPROVEMENTS	2012-11-14	14,936		SL	39	64			

TY 2012 Investments - Other Schedule**Name:** THE PALETTE FUND INC**EIN:** 26-2736653

Category / Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
MORGAN STANLEY CROSSROADS	AT COST	374,930	374,930
MORGAN STANLEY HEDGE	AT COST	827,384	827,384
MSSB REAL ESTATE DEBT	AT COST	442,067	442,067
RENEWAL 2 SOCIAL FUND	AT COST	130,681	130,681
D.E. SHAW OCULUS INT'L FUND	AT COST	1,997,417	1,997,417
FRONTPOINT OFFSHORE	AT COST	23,910	14,234
STARBOARD OFFSHORE	AT COST	750,001	849,268
YORK CREDIT OFFSHORE	AT COST	1,000,000	1,260,745

TY 2012 Land, Etc. Schedule**Name:** THE PALETTE FUND INC**EIN:** 26-2736653

Category / Item	Cost / Other Basis	Accumulated Depreciation	Book Value	End of Year Fair Market Value
222 WEST 14TH ST	780,247	60,019	720,228	
IMPROVEMENTS	16,103	1,239	14,864	
IMPROVEMENTS	80,304	4,118	76,186	
IMPROVEMENTS	14,936	64	14,872	

TY 2012 Other Expenses Schedule**Name:** THE PALETTE FUND INC**EIN:** 26-2736653

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
DUES AND SUBSCRIPTIONS	8,163			8,163
INSURANCE	9,551			9,551
MARKETING	30,250			30,250
ANNIVERSARY EVENT	27,380			27,380
NUTRITION PROGRAM	7,029			7,029
LGBT WELLNESS EVENT	1,855			1,855
OFFICE EXPENSE	11,892			11,892
TELEPHONE	2,601			2,601
WEBSITE	9,540			9,540
OTHER EXPENSES K-1 INVESTMENTS	26,098	26,098		

TY 2012 Other Income Schedule

Name: THE PALETTE FUND INC

EIN: 26-2736653

Description	Revenue And Expenses Per Books	Net Investment Income	Adjusted Net Income
OTHER INCOME FROM K-1'S			

TY 2012 Other Notes/Loans
Receivable Short Schedule

Name: THE PALETTE FUND INC
EIN: 26-2736653

Name of 501(c)(3) Organization	Balance Due
JAMMIN PROPERTIES LLC	3,095,647

TY 2012 Other Professional Fees Schedule**Name:** THE PALETTE FUND INC**EIN:** 26-2736653

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
PROFESSIONAL FEES	186,673	69,467		117,206
PAYROLL & 401K FEES	3,064			3,064

TY 2012 Taxes Schedule

Name: THE PALETTE FUND INC

EIN: 26-2736653

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES PAID	1,601	1,601		
FEDERAL	7,000	7,000		
PROPERTY TAXES	9,372			9,372
PAYROLL TAXES	16,245			14,169

Private Wealth Management

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REALIZED GAIN/(LOSS) SUMMARY

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If cost basis information is not available, gain or (loss) will not be reflected on this Summary. For securities not purchased through Morgan Stanley, including securities purchased elsewhere and later transferred to Morgan Stanley, cost basis information may not be provided. To correct any information supplied by Morgan Stanley, please inform your Private Wealth Advisor, to add cost basis information, you should inform your Private Wealth Advisor. Please note that although Morgan Stanley makes every effort to adjust the cost basis for such securities' capital changes, it does not adjust the cost basis for all events.

Short Term

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>QUANTITY</u>	<u>DATE ACQUIRED</u>	<u>DATE SOLD</u>	<u>PROCEEDS</u>	<u>COST</u>	<u>REALIZED GAIN/(LOSS)</u>
BB&T CORPORATION	054937206	5,000 000	04/26/2012	12/07/2012	\$129,347 08	\$125,000 00	\$4,347 08
FACEBOOK INC	30303M102	1,000 000	05/17/2012	05/18/2012	\$38,499 12	\$38,000 00	\$499 12
KAYNE AND MLP IN	486606106	93 000	01/13/2012	01/26/2012	\$2,905 09	\$2,690 49	\$214 60
KAYNE AND MLP IN	486606106	114 000	04/15/2011	01/26/2012	\$3,561 08	\$3,241 02	\$320 06
KAYNE AND MLP IN	486606106	119 000	07/15/2011	01/26/2012	\$3,717 26	\$3,342 71	\$374 55
Total Short Term					\$178,029.63		\$5,755.41

Long Term

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>QUANTITY</u>	<u>DATE ACQUIRED</u>	<u>DATE SOLD</u>	<u>PROCEEDS</u>	<u>COST</u>	<u>REALIZED GAIN/(LOSS)</u>
CITIGROUP CAPITAL XIX PRFD 7 250% 15 AUG 206 7	17311U200	10,400 000	04/29/2011	08/15/2012	\$260,000 00	\$263,328 00	\$(3,328 00)
KAYNE AND MLP IN	486606106	163 000	01/14/2011	01/26/2012	\$5,091 71	\$4,668 32	\$423 39
KAYNE AND MLP IN	486606106	182 000	10/21/2010	01/26/2012	\$5,685 22	\$4,555 46	\$1,129 76
KAYNE AND MLP IN	486606106	4,700 000	08/06/2010	01/26/2012	\$146,816 25	\$123,610 00	\$23,206 25
Total Long Term					\$417,593.18		\$21,431.40
Total Short And Long Term					\$595,622.81		\$27,186.81

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Short Term

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>QUANTITY</u>	<u>DATE ACQUIRED</u>	<u>DATE SOLD</u>	<u>PROCEEDS</u>	<u>COST</u>	<u>REALIZED GAIN/(LOSS)</u>
AMER INTL GROUP 4 875% DUE 09/15/2016 @ 100 00	026874CB1	275,000 000	06/12/2012	09/07/2012	\$302,942 75	\$289,119 18	\$13,823 57
IBM CORP 0 750% DUE 05/11/2015 @ 100 00	459200HD6	200,000 000	05/08/2012	12/07/2012	\$200,641 00	\$199,668 00	\$973 00
Total Short Term					\$503,583.75		\$14,796.57

Long Term

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>QUANTITY</u>	<u>DATE ACQUIRED</u>	<u>DATE SOLD</u>	<u>PROCEEDS</u>	<u>COST</u>	<u>REALIZED GAIN/(LOSS)</u>
ADOBE SYS INC 3 250% DUE 02/01/2015 @ 100 00	00724FAA9	20,000 000	01/25/2010	09/14/2012	\$21,119 80	\$20,002 19	\$1,117 61
ADOBE SYS INC 3 250% DUE 02/01/2015 @ 100 00	00724FAA9	20,000 000	01/25/2010	09/14/2012	\$21,119 80	\$20,003 06	\$1,116 74
ADOBE SYS INC 3 250% DUE 02/01/2015 @ 100 00	00724FAA9	50,000 000	01/25/2010	09/14/2012	\$52,799 50	\$50,018 57	\$2,780 93
ADOBE SYS INC 3 250% DUE 02/01/2015 @ 100 00	00724FAA9	125,000 000	01/25/2010	09/14/2012	\$131,998 75	\$125,059 99	\$6,938 76
ADOBE SYS INC 3 250% DUE 02/01/2015 @ 100 00	00724FAA9	135,000 000	01/25/2010	09/14/2012	\$142,558 65	\$135,026 35	\$7,532 30
AIRGAS INC 2 850% DUE 10/01/2013 @ 100 00	009363AH5	50,000 000	10/21/2010	10/15/2012	\$51,000 00	\$50,380 11	\$619 89
AIRGAS INC 2 850% DUE 10/01/2013 @ 100 00	009363AH5	100,000 000	10/21/2010	12/18/2012	\$101,633 00	\$100,634 77	\$998 23
ANHEUSER-BUSCH 4 950% DUE 01/15/2014 @ 100 0	035229CU5	50,000 000	04/24/2009	12/07/2012	\$52,339 15	\$49,824 00	\$2,515 15
ANHEUSER-BUSCH 4 950% DUE 01/15/2014 @ 100 0	035229CU5	50,000 000	04/24/2009	12/07/2012	\$52,339 15	\$49,892 48	\$2,446 67
ARCELORMITTAL FLOATER DUE 08/05/2015 @ 100 0	03938LAR5	300,000 000	02/03/2011	12/04/2012	\$303,750 00	\$300,840 97	\$2,909 03
CONOCOPHILLIPS SR UNS GLOBAL 4 600% DUE 01/15/2015 @ 100 00	20825CAT1	250,000 000	05/18/2009	02/02/2012	\$279,157 50	\$249,883 72	\$29,273 78

CONTINUED ON NEXT PAGE

Private Wealth Management

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REALIZED GAIN/(LOSS) SUMMARY (continued)**Long Term (continued)**

DESCRIPTION	CUSIP	QUANTITY	DATE ACQUIRED	DATE SOLD	PROCEEDS	COST	REALIZED GAIN/(LOSS)
DEUTSCHE TEL FIN SR UNS GLOBAL 4 875% DUE 07/08/2014 @ 100 00	25156PAM5	250,000 000	06/15/2009	12/07/2012	\$264,720 00	\$249,172 50	\$15,547 50
EXPRESS SCRIPTS SR UNS GLOBAL 6 250% DUE 06/15/2014 @ 100 00	302182AD2	100,000 000	06/05/2009	11/15/2012	\$108,259 00	\$99,674 00	\$8,585 00
GEN ELEC CAP CRP SER A GLOBAL FLOATER DUE 07/27/2012 @ 100 00	36962GR89	200,000 000	12/18/2009	06/27/2012	\$200,054 00	\$199,841 61	\$212 39
GOLDMAN SACHS GP FLOATER DUE 03/22/2016 @ 100 00	38141GEG5	200,000 000	12/08/2009	08/10/2012	\$185,190 00	\$191,077 19	\$(5,887 19)
HASBRO INC SR UNSGLOBAL 6 125% DUE 05/15/2014 @ 100 00	418056AR8	50,000 000	05/08/2009	11/15/2012	\$53,705 50	\$50,167 67	\$3,537 83
HASBRO INC SR UNSGLOBAL 6 125% DUE 05/15/2014 @ 100 00	418056AR8	80,000 000	05/11/2009	11/15/2012	\$85,928 80	\$80,530 06	\$5,398 74
HASBRO INC SR UNSGLOBAL 6 125% DUE 05/15/2014 @ 100 00	418056AR8	120,000 000	05/08/2009	11/15/2012	\$128,893 20	\$120,393 70	\$8,499 50
IBM CORP 2 100% DUE 05/06/2013 @ 100 00	459200GR6	400,000 000	11/03/2009	05/08/2012	\$406,664 00	\$399,964 77	\$6,699 23
LIFE TECH CORP 4 400% DUE 03/01/2015 @ 100 00	53217VAB5	100,000 000	03/10/2010	12/07/2012	\$106,676 00	\$100,561 53	\$6,114 47
MICROSOFT CORP SR UNS GLOBAL 2 950% DUE 06/01/2014 @ 100 00	594918AB0	200,000 000	05/12/2009	10/15/2012	\$208,416 00	\$200,491 30	\$7,924 70
POTASH CORP 3 750% DUE 09/30/2015 @ 100 00	73755LAG2	100,000 000	03/08/2010	12/18/2012	\$107,557 00	\$100,818 91	\$6,738 09
TIME WARNER CABLE 3 500% DUE 02/01/2015 @ 100 00	88732JAV0	200,000 000	12/09/2009	12/07/2012	\$211,758 00	\$199,264 00	\$12,494 00
VODAFONE GROUP SR UNS GLOBAL 4 150% DUE 06/10/2014 @ 100 00	92857WAT7	100,000 000	06/04/2009	12/07/2012	\$105,055 00	\$100,052 65	\$5,002 35
Total Long Term					\$3,382,691.80		\$139,115.70
Total Short And Long Term					\$3,886,275.55		\$153,912.27



2012 SUMMARY AMENDMENT

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Amended Date: 3/15/13

THE PALETTE FUND INC
222 WEST 14TH STREET
SUITE 3N
NEW YORK NY 10011-7204

Your Financial Advisor :
CHRISTOPHER AFFENITA
50 MAIN STREET 5TH FLOOR
WHITE PLAINS, NY 10606
(866) 544-1230

Account Number: 4748-9742

Year-End Account Summary

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Please consult with your Financial Advisor or Tax Advisor regarding specific questions.

For non covered transactions, we provide supplemental cost basis information, when it is available, to assist you with completing your tax return, however, THIS INFORMATION IS NOT PROVIDED TO THE INTERNAL REVENUE SERVICE.

SHORT TERM GAINS OR LOSSES (Box 1c) FOR COVERED SECURITIES (Box 6)

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
DODGE & COX INCOME FD CUSIP 256210105	1,126.8140	13.67000	01/17/12	06/04/12	15,403.57	15,166.92	236.65	SALE
	1,013.0740	13.65000	VARIOUS	06/06/12	13,828.46	13,649.88	178.58	SALE
Subtotal	2,139.8880				29,232.03	28,816.80	415.23	
FIDELITY ADVIS SER STRAT INCOME I CUSIP 315920801	2,117.7300	12.41000	06/04/12	06/08/12	26,281.03	26,217.50	63.53	SALE
	148.5890	12.47000	06/04/12	06/22/12	1,852.91	1,839.54	13.37	SALE
	1,867.0830	12.55000	06/04/12	07/05/12	23,431.89	23,114.49	317.40	SALE
	172.3730	12.75000	06/04/12	08/23/12	2,197.76	2,133.98	63.78	SALE
Subtotal	4,305.7750				53,763.59	53,305.51	458.08	
FORWARD FDS TACTICAL GROWTH FD CL M CUSIP 34986P705	721.8950	25.94000	06/04/12	06/08/12	18,725.95	18,581.58	144.37	SALE
	614.9950	26.02000	06/04/12	07/05/12	16,002.16	15,829.98	172.18	SALE
Subtotal	1,336.8900				34,728.11	34,411.56	316.55	
GOLDMAN SACHS TR DYNAMIC ALLOCATION FD CL INSTITUTIONAL CUSIP 38145L885	1,811.1790	10.49000	06/04/12	06/08/12	18,999.27	18,836.27	163.00	SALE
	1,898.0030	10.82000	06/04/12	07/05/12	20,536.39	19,739.24	797.15	SALE
	287.2910	11.26000	06/04/12	09/21/12	3,234.90	2,987.83	247.07	SALE
Subtotal	3,996.4730				42,770.56	41,563.34	1,207.22	

2012 SUMMARY AMENDMENT

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Amended Date: 3/15/13

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SHORT TERM GAINS OR LOSSES (Box 1c) FOR COVERED SECURITIES (Box 6)

continued

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
GOLDMAN SACHS TR FINL SQUARE TREAS INSTRS FD INSTL CL CUSIP 38142B500	1,675.9000	1.00000	01/17/12	10/12/12	1,675.90	1,675.90	0.00	SALE
HARRIS ASSOC INVT TR OAKMARK EQUITY&INCOME FD CL I CUSIP 413838400	432.1280	26.99000	01/17/12	06/04/12	11,663.15	11,870.57	-207.42	SALE
	513.6560	27.65000	01/17/12	06/06/12	14,202.59	14,110.13	92.46	SALE
Subtotal	945.7840				25,865.74	25,980.70	-114.96	
TOTAL SHORT TERM GAINS OR LOSSES FOR COVERED SECURITIES					188,035.93	185,753.81	2,282.12	

SHORT TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
BLACKROCK GLOBAL ALLOC GLOBAL ALLOCATION INSTIT CUSIP 09251T509	303.0660	19.14000	03/15/11	01/25/12	5,800.68	5,918.88	-118.20	SALE
	128.2380	19.73000	03/15/11	02/23/12	2,530.14	2,504.49	25.65	SALE
Subtotal	431.3040				8,330.82	8,423.37	-92.55	
DODGE & COX INCOME FD CUSIP 256210105	2,535.3340	13.67000	VARIOUS	06/04/12	34,658.00	33,959.77	698.23	SALE
GOLDMAN SACHS TR FINL SQUARE TREAS INSTRS FD INSTL CL CUSIP 38142B500	3,480.1000	1.00000	09/07/11	01/12/12	3,480.10	3,480.10	0.00	SALE
	594.1600	1.00000	09/07/11	02/17/12	594.16	594.16	0.00	SALE



2012 SUMMARY AMENDMENT

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Amended Date: 3/15/13

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SHORT TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

continued

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
	4,385 8300	1 00000	09/07/11	04/13/12	4,385.83	4,385.83	0 00	SALE
	2,343 2800	1 00000	09/07/11	06/08/12	2,343 28	2,343.28	0.00	SALE
	1,917.9200	1.00000	09/07/11	07/05/12	1,917.92	1,917.92	0.00	SALE
	3,921 1000	1 00000	09/07/11	07/13/12	3,921 10	3,921 10	0 00	SALE
Subtotal	16,642.3900				16,642.39	16,642.39	0.00	
HARRIS ASSOC INVT TR OAKMARK EQUITY&INCOME FD CL I CUSIP 413838400	1,024 3540	26.99000	VARIOUS	06/04/12	27,647 30	29,967 42	-2,320.12	SALE
OPPENHEIMER GLOBAL FD CL Y CUSIP 683924401	71.8490	56.79000	03/15/11	01/25/12	4,080 30	4,367 71	-287 41	SALE
PIMCO ALL ASSET FND INST CL CUSIP 722005626	45 1820	11 93000	03/15/11	01/25/12	539 02	552 13	-13 11	SALE
	643 0200	12 27000	03/15/11	02/23/12	7,889.86	7,857 71	32 15	SALE
Subtotal	688.2020				8,428.88	8,409.84	19.04	
TOTAL SHORT TERM GAINS OR LOSSES FOR NONCOVERED SECURITIES					99,787.69	101,770.50	-1,982.81	

LONG TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
ARTIO GLOBAL INVT FDS TOTAL RETURN BD FD CL I CUSIP 04315J209	349 7450	13.68000	03/15/11	06/04/12	4,784 51	4,707 57	76 94	SALE
	1,175.7840	13 70000	03/15/11	06/08/12	16,108 24	15,826.05	282.19	SALE

2012 SUMMARY AMENDMENT

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LONG TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

continued

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
	89 1560	13.76000	03/15/11	06/22/12	1,226 78	1,200 04	26.74	SALE
	1,046.1550	13.84000	03/15/11	07/05/12	14,478 79	14,081.25	397 54	SALE
	115 1840	14.01000	03/15/11	07/23/12	1,613.73	1,550 38	63.35	SALE
Subtotal	2,776.0240				38,212.05	37,365.29	846.76	
BLACKROCK GLOBAL ALLOC GLOBAL ALLOCATION INSTIT CUSIP 09251T509	11,613.4440	18 18000	03/15/11	06/04/12	211,132 42	226,810 56	-15,678 14	SALE
	1,056 9540	18 50000	03/15/11	06/08/12	19,553 64	20,642.31	-1,088 67	SALE
	44.4910	18.61000	03/15/11	06/22/12	827 97	868.91	-40.94	SALE
	983 5220	19.00000	03/15/11	07/05/12	18,686 91	19,208 19	-521.28	SALE
	60 7190	19.29000	03/15/11	08/23/12	1,171.26	1,185 85	-14 59	SALE
	141.7650	19 85000	03/15/11	09/21/12	2,814.04	2,768 67	45.37	SALE
Subtotal	13,900.8950				254,186.24	271,484.49	-17,298.25	
DODGE & COX INCOME FD CUSIP 256210105	8,152 6990	13 67000	VARIOUS	06/04/12	111,447 39	109,394 09	2,053 30	SALE
GOLDMAN SACHS TR FINL SQUARE TREAS INSTRS FD INSTL CL CUSIP 38142B500	1,639 7800	1 00000	09/07/11	10/12/12	1,639 78	1,639 78	0 00	SALE
HARRIS ASSOC INVT TR OAKMARK EQUITY&INCOME FD CL I CUSIP 413838400	204 3200	28.93000	03/15/11	03/23/12	5,910.97	5,733.22	177.75	SALE
	4,072.2300	26.99000	03/15/11	06/04/12	109,909.48	114,266 78	-4,357 30	SALE
Subtotal	4,276.5500				115,820.45	120,000.00	-4,179.55	



2012 SUMMARY AMENDMENT

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Amended Date: 3/15/13

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LONG TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

continued

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
JANUS INVT FD FLEXIBLE BD FD CLASS I CUSIP 47103C746	32 5040	10 78000	03/15/11	05/23/12	350 39	340 65	9 74	SALE
	1,247 8600	10 84000	03/15/11	06/04/12	13,526.80	13,077 58	449 22	SALE
	2,020.2770	10.81000	03/15/11	06/08/12	21,839.19	21,172.50	666 69	SALE
	89 9460	10 83000	03/15/11	06/22/12	974 11	942 64	31.47	SALE
	1,867 0030	10.89000	03/15/11	07/05/12	20,331 66	19,566 19	765 47	SALE
	251 6770	10.99000	03/15/11	07/23/12	2,765 93	2,637 58	128.35	SALE
Subtotal	5,509.2670				59,788.08	57,737.14	2,050.94	
METROPOLITAN WEST FDS TOTAL RETURN BD FD CL I CUSIP 592905509	946 3920	10.64000	03/15/11	05/23/12	10,069 61	9,880 34	189 27	SALE
	408.2940	10 66000	03/15/11	06/04/12	4,352 41	4,262 59	89 82	SALE
	2,102 3370	10 64000	03/15/11	06/08/12	22,368.87	21,948.40	420 47	SALE
	70 0740	10.65000	03/15/11	06/22/12	746 29	731 58	14 71	SALE
	1,926 7690	10 70000	03/15/11	07/05/12	20,616.43	20,115.47	500 96	SALE
	278.7660	10 82000	03/15/11	07/23/12	3,016.25	2,910 32	105.93	SALE
	578 4210	11.07000	03/15/11	11/23/12	6,403.12	6,038.72	364 40	SALE
Subtotal	6,311.0530				67,572.98	65,887.42	1,685.56	
OPPENHEIMER GLOBAL FD CL Y CUSIP 683924401	74 2230	60.75000	03/15/11	03/23/12	4,509.03	4,512.02	-2 99	SALE
	246 4690	54 63000	03/15/11	06/08/12	13,464.61	14,982.85	-1,518 24	SALE
	14.8850	55.31000	03/15/11	06/22/12	823 31	904.86	-81 55	SALE
	218 3880	56 84000	03/15/11	07/05/12	12,413 17	13,275 81	-862 64	SALE
	47 6570	59.29000	03/15/11	08/23/12	2,825.58	2,897 07	-71 49	SALE

2012 SUMMARY AMENDMENT

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Amended Date: 3/15/13

THE PALETTE FUND INC
222 WEST 14TH STREET
SUITE 3N
NEW YORK NY 10011-7204

Your Financial Advisor :
CHRISTOPHER AFFENITA
50 MAIN STREET 5TH FLOOR
WHITE PLAINS, NY 10606
(866) 544-1230

Account Number: 4748-9742

Year-End Account Summary

This information is NOT provided to the Internal Revenue Service, but is being provided to you for courtesy purposes.

Please consult with your Financial Advisor or Tax Advisor regarding specific questions.

LONG TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

continued

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
	47 0720	62.54000	03/15/11	09/21/12	2,943.87	2,861 51	82 36	SALE
	66 2940	64.56000	03/15/11	12/21/12	4,279.94	4,030 01	249.93	SALE
Subtotal	714.9880				41,259.51	43,464.13	-2,204.62	
OPPENHEIMER INTL BD FD CLASS Y CUSIP 68380T509	593 6820	6 19000	03/15/11	06/04/12	3,674.89	3,876.75	-201.86	SALE
	2,432 4130	6.23000	03/15/11	06/08/12	15,153 93	15,883.66	-729 73	SALE
	81.3460	6 25000	03/15/11	06/22/12	508 41	531 19	-22 78	SALE
	2,261.2840	6 33000	03/15/11	07/05/12	14,313.93	14,766.19	-452.26	SALE
	586 1020	6 56000	03/15/11	10/23/12	3,844 83	3,827 25	17.58	SALE
Subtotal	5,954.8270				37,495.99	38,885.04	-1,389.05	
PIMCO ALL ASSET FND INST CL CUSIP 722005626	86.6210	12.10000	03/15/11	04/23/12	1,048.12	1,058.51	-10.39	SALE
	3,350 5190	11.79000	03/15/11	06/08/12	39,502 62	40,943.34	-1,440 72	SALE
	3,412 3160	12 09000	03/15/11	07/05/12	41,254 90	41,698 50	-443 60	SALE
	249 9250	12.10000	03/15/11	07/23/12	3,024 09	3,054 09	-30 00	SALE
	338.8450	12 47000	03/15/11	08/23/12	4,225 40	4,140.69	84.71	SALE
	510 5820	12 69000	03/15/11	10/23/12	6,479.29	6,239 32	239 97	SALE
	473.0400	12.98000	03/15/11	12/21/12	6,140.06	5,780.55	359 51	SALE
Subtotal	8,421.8480				101,674.48	102,915.00	-1,240.52	
PIMCO FDS PAC INVT DIVERSIFIED INC FD INSTL CUSIP 693391880	419 2640	11 70000	03/15/11	04/23/12	4,905 39	4,804.77	100 62	SALE
	8,035 4920	11.65000	03/15/11	06/04/12	93,613.48	92,086.73	1,526 75	SALE
	1,204 8250	11.71000	03/15/11	06/08/12	14,108 50	13,807.30	301 20	SALE



2012 SUMMARY AMENDMENT

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LONG TERM GAINS OR LOSSES (Box 1c) FOR NONCOVERED SECURITIES (Box 6)

continued

Proceeds from Broker and Barter Exchange Transactions for 2012

SUPPLEMENTAL INFORMATION

Description (Box 8) Stock or Other Symbol (Box 1d)	Quantity Sold (Box 1e)	Unit Price	Date of Acquisition (Box 1b)	Date of Sale or Exchange (Box 1a)	Sales Price (Box 2a)*	Cost or Other Basis (Box 3)	Gain or Loss Amount	Transaction Description
	80 8550	11.76000	03/15/11	06/22/12	950 86	926 60	24 26	SALE
	1,115 9840	11.87000	03/15/11	07/05/12	13,246 73	12,789.18	457 55	SALE
	7.8270	12.25000	03/15/11	10/23/12	95.88	89.70	6.18	SALE
	328.7140	12 22000	03/15/11	11/23/12	4,016 88	3,767.06	249 82	SALE
Subtotal	11,192.9610				130,937.72	128,271.34	2,666.38	
PIONEER GLOBAL HIGH YIELD CL Y CUSIP 72369G405	459 9890	9 71000	03/15/11	04/23/12	4,466.49	4,862 09	-395 60	SALE
	9,131.3870	9.36000	03/15/11	06/04/12	85,469.78	96,518.75	-11,048 97	SALE
	784 4880	9.42000	03/15/11	06/08/12	7,389 88	8,292.04	-902.16	SALE
	32 9940	9 46000	03/15/11	06/22/12	312 12	348 75	-36.63	SALE
	746 5700	9.56000	VARIOUS	07/05/12	7,137.21	7,892 11	-754.90	SALE
	143.5800	9 94000	VARIOUS	09/21/12	1,427.19	1,535 69	-108 50	SALE
Subtotal	11,299.0080				106,202.67	119,449.43	-13,246.76	
THORNBURG INVT TR INVT INCOME BUILDER FD CL I CUSIP 885215467	798 2520	17.74000	03/15/11	06/08/12	14,160.99	15,294.51	-1,133 52	SALE
	122.2730	17.97000	03/15/11	06/22/12	2,197.24	2,342 76	-145.52	SALE
	850 0220	18 39000	03/15/11	07/05/12	15,631 91	16,286 42	-654 51	SALE
Subtotal	1,770.5470				31,990.14	33,923.69	-1,933.55	
TOTAL LONG TERM GAINS OR LOSSES FOR NONCOVERED SECURITIES					1,098,227.48	1,130,416.84	-32,189.36	

*Box 2a Sales price less commissions and option premiums