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

Department of the Treasury
Internal Revenue Service

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

For calendar year 2012 or tax year beginning 07/01, 2012, and ending 06/30, 2013

Name of foundation HUGH M. HEFNER FOUNDATION 23-19173		A Employer identification number 36-6108843
Number and street (or P O box number if mail is not delivered to street address)	Room/suite	B Telephone number (see instructions) 310- 860-4269
City or town, state, and ZIP code LOS ANGELES, CA 90024-1815		
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		C If exemption application is pending, check here <input type="checkbox"/> D 1 Foreign organizations, check here <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation <input type="checkbox"/> E If private foundation status was terminated under section 507(b)(1)(A), check here <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here <input type="checkbox"/>
H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		
J Accounting method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ <i>(Part I, column (d) must be on cash basis)</i>		
Fair market value of all assets at end of year (from Part II, col (c), line 16) ▶ \$ <u>1,212,435.</u>		

SCANNED FEB 24 2014
 FEB 14 2014
 ORIGINAL DATE

	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Part I Analysis of Revenue and Expenses (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))				
Revenue				
1 Contributions, gifts, grants, etc., received (attach schedule)	236,829.			
2 Check <input type="checkbox"/> if the foundation is not required to attach Sch B				
3 Interest on savings and temporary cash investments				
4 Dividends and interest from securities	26,340.	26,340.		STMT 1
5a Gross rents				
b Net rental income or (loss)				
6a Net gain or (loss) from sale of assets not on line 10	51,150.			
b Gross sales price for all assets on line 6a	349,470.			
7 Capital gain net income (from Part IV, line 2)		51,150.		
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) (attach schedule)				
11 Other income (attach schedule)				
12 Total Add lines 1 through 11	314,319.	77,490.		
Operating and Administrative Expenses				
13 Compensation of officers, directors, trustees, etc.	28,000.			28,000.
14 Other employee salaries and wages		NONE	NONE	
15 Pension plans, employee benefits		NONE	NONE	
16a Legal fees (attach schedule)				
b Accounting fees (attach schedule) STMT 2	2,000.	1,000.	NONE	1,000.
c Other professional fees (attach schedule) STMT 3	20,558.	7,286.		13,272.
17 Interest				
18 Taxes (attach schedule) (see instructions) STMT 4	3,530.	430.		
19 Depreciation (attach schedule) and depletion				
20 Occupancy				
21 Travel, conferences, and meetings	15,863.	NONE	NONE	15,863.
22 Printing and publications		NONE	NONE	
23 Other expenses (attach schedule) STMT 5	59,824.	20.		59,804.
24 Total operating and administrative expenses. Add lines 13 through 23	129,775.	8,736.	NONE	117,939.
25 Contributions, gifts, grants paid	68,500.			68,500.
26 Total expenses and disbursements Add lines 24 and 25	198,275.	8,736.	NONE	186,439.
27 Subtract line 26 from line 12				
a Excess of revenue over expenses and disbursements	116,044.			
b Net investment income (if negative, enter -0-)		68,754.		
c Adjusted net income (if negative, enter -0-)				

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)			
		Beginning of year (a) Book Value	End of year (b) Book Value (c) Fair Market Value		
Assets	1	Cash - non-interest-bearing			
	2	Savings and temporary cash investments	68,033.	78,791.	78,791.
	3	Accounts receivable ▶ Less allowance for doubtful accounts ▶			
	4	Pledges receivable ▶ Less allowance for doubtful accounts ▶			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7	Other notes and loans receivable (attach schedule) ▶ Less allowance for doubtful accounts ▶			NONE
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10 a	Investments - U S and state government obligations (attach schedule),			
	b	Investments - corporate stock (attach schedule) . STMT 6	462,427.	509,013.	574,739.
	c	Investments - corporate bonds (attach schedule), STMT 7	422,417.	474,532.	464,658.
	11	Investments - land, buildings, and equipment basis ▶ Less accumulated depreciation ▶ (attach schedule)			
	12	Investments - mortgage loans			
	13	Investments - other (attach schedule) STMT 8	91,312.	100,783.	94,247.
	14	Land, buildings, and equipment basis ▶ Less accumulated depreciation ▶ (attach schedule)			
15	Other assets (describe ▶)				
16	Total assets (to be completed by all filers - see the instructions Also, see page 1, item I)	1,044,189.	1,163,119.	1,212,435.	
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)			NONE	
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 and complete lines 27 through 31. ▶ <input checked="" type="checkbox"/>				
	27	Capital stock, trust principal, or current funds	1,044,189.	1,163,119.	
	28	Paid-in or capital surplus, or land, bldg, and equipment fund			
29	Retained earnings, accumulated income, endowment, or other funds				
30	Total net assets or fund balances (see instructions)	1,044,189.	1,163,119.		
31	Total liabilities and net assets/fund balances (see instructions)	1,044,189.	1,163,119.		

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)	1,044,189.
2	Enter amount from Part I, line 27a	116,044.
3	Other increases not included in line 2 (itemize) ▶ TAX COST ETC. ADJ.	2,886.
4	Add lines 1, 2, and 3	1,163,119.
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	1,163,119.

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 PUBLICLY TRADED SECURITIES						
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 349,470.		298,320.	51,150.			
b						
c						
d						
e						
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69						
(i) FMV 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			51,150.			
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	51,150.	
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 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	176,371.	1,078,182.	0.163582
2010	94,110.	985,955.	0.095451
2009	141,379.	851,872.	0.165963
2008	135,386.	871,683.	0.155316
2007	226,949.	1,204,880.	0.188358

2 Total of line 1, column (d) 2 0.768670

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 0.153734

4 Enter the net value of noncharitable-use assets for 2012 from Part X, line 5 4 1,207,127.

5 Multiply line 4 by line 3 5 185,576.

6 Enter 1% of net investment income (1% of Part I, line 27b) 6 688.

7 Add lines 5 and 6 7 186,264.

8 Enter qualifying distributions from Part XII, line 4 8 186,439.
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)

Table with 11 rows for excise tax calculations. Includes categories like 'Exempt operating foundations', 'Domestic foundations', 'Tax under section 511', and 'Credits/Payments'. Total amount owed is 2,414.

Part VII-A Statements Regarding Activities

Table with 10 rows for activity statements. Includes questions about political campaigns, political expenditures, and state registration. Includes a handwritten entry 'IL' for line 8a.

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?	X		
Website address ▶ <u>hmfoundation.org</u>				
14 The books are in care of ▶ <u>SEE STATEMENT 9</u> Telephone no. ▶ _____				
Located at ▶ _____ ZIP+4 ▶ _____				
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			<input type="checkbox"/>
				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?		Yes	No
				X
See the instructions for exceptions and filing requirements for Form TD F 90-22.1 If "Yes," enter the name of the foreign country ▶ _____				

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

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

		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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see instructions)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		X
		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? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		X
		1c	
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		
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) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		X
		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) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
		3b	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		X
		4a	
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?		X
		4b	

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

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

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

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

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

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

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

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

Organizations relying on a current notice regarding disaster assistance check here

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

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

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

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

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

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
SEE STATEMENT 10		28,000.	-0-	-0-

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

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE		NONE	NONE	NONE

Total number of other employees paid over \$50,000 NONE

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors (continued)

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE."

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

Total number of others receiving over \$50,000 for professional services NONE

Part IX-A Summary of Direct Charitable Activities

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

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

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

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

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes.		
a	Average monthly fair market value of securities	1a	1,225,510.
b	Average of monthly cash balances	1b	NONE
c	Fair market value of all other assets (see instructions)	1c	NONE
d	Total (add lines 1a, b, and c)	1d	1,225,510.
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	NONE
3	Subtract line 2 from line 1d	3	1,225,510.
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	18,383.
5	Net value of noncharitable-use assets. Subtract line 4 from line 3. Enter here and on Part V, line 4	5	1,207,127.
6	Minimum investment return. Enter 5% of line 5	6	60,356.

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	60,356.
2a	Tax on investment income for 2012 from Part VI, line 5	2a	688.
b	Income tax for 2012. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	688.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	59,668.
4	Recoveries of amounts treated as qualifying distributions	4	NONE
5	Add lines 3 and 4	5	59,668.
6	Deduction from distributable amount (see instructions)	6	NONE
7	Distributable amount as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	59,668.

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	186,439.
b	Program-related investments - total from Part IX-B	1b	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	2	NONE
3	Amounts set aside for specific charitable projects that satisfy the:		
a	Suitability test (prior IRS approval required)	3a	NONE
b	Cash distribution test (attach the required schedule)	3b	NONE
4	Qualifying distributions. Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	186,439.
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	688.
6	Adjusted qualifying distributions. Subtract line 5 from line 4	6	185,751.

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				59,668.
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only			NONE	
b Total for prior years 20 <u>10</u> , 20 <u> </u> , 20 <u> </u>		NONE		
3 Excess distributions carryover, if any, to 2012				
a From 2007	163,401.			
b From 2008	92,303.			
c From 2009	100,404.			
d From 2010	45,792.			
e From 2011	123,650.			
f Total of lines 3a through e	525,550.			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ \$ <u>186,439.</u>				
a Applied to 2011, but not more than line 2a			NONE	
b Applied to undistributed income of prior years (Election required - see instructions)		NONE		
c Treated as distributions out of corpus (Election required - see instructions)	NONE			
d Applied to 2012 distributable amount				59,668.
e Remaining amount distributed out of corpus	126,771.			
5 Excess distributions carryover applied to 2012 (If an amount appears in column (d), the same amount must be shown in column (a))	NONE			NONE
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	652,321.			
b Prior years' undistributed income. Subtract line 4b from line 2b		NONE		
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		NONE		
d Subtract line 6c from line 6b Taxable amount - see instructions		NONE		
e Undistributed income for 2011 Subtract line 4a from line 2a. Taxable amount - see instructions			NONE	
f Undistributed income for 2012. Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				NONE
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	NONE			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	163,401.			
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	488,920.			
10 Analysis of line 9				
a Excess from 2008	92,303.			
b Excess from 2009	100,404.			
c Excess from 2010	45,792.			
d Excess from 2011	123,650.			
e Excess from 2012	126,771.			

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

NOT APPLICABLE

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)

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

HUGH M. HEFNER

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

N/A

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

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

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

SEE STATEMENT 12

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

SEE ATTACHED STATEMENT FOR LINE 2

c Any submission deadlines.

SEE ATTACHED STATEMENT FOR LINE 2

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

SEE ATTACHED STATEMENT FOR LINE 2

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a <i>Paid during the year</i> SEE STATEMENT 17				68,500.
Total ▶ 3a				68,500.
b <i>Approved for future payment</i>				
Total ▶ 3b				

Schedule of Contributors

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

2012

Name of the organization HUGH M. HEFNER FOUNDATION 23-19173	Employer identification number 36-6108843
---	---

Organization type (check one).

Filers of:

Section:

Form 990 or 990-EZ

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

Form 990-PF

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

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

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

General Rule

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

Special Rules

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

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

Name of organization HUGH M. HEFNER FOUNDATION 23-19173	Employer identification number 36-6108843
---	---

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	HUGH HEFNER ----- 10236 CHARING CROSS ROAD ----- LOS ANGELES, CA 90024-1815 -----	\$ 236,829.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution)
	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

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

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME
DIVIDENDS ETC.	26,340.	26,340.
TOTAL	26,340.	26,340.

FORM 990PF, PART I - ACCOUNTING FEES
=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	ADJUSTED NET INCOME	CHARITABLE PURPOSES
TAX PREPARATION	2,000.	1,000.		1,000.
TOTALS	2,000.	1,000.	NONE	1,000.

FORM 990PF, PART I - OTHER PROFESSIONAL FEES

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	CHARITABLE PURPOSES
INVESTMENT FEES CLEO WILSON	7,286. 13,272.	7,286.	13,272.
TOTALS	20,558.	7,286.	13,272.

FORM 990PF, PART I - TAXES
=====

DESCRIPTION -----	REVENUE AND EXPENSES PER BOOKS -----	NET INVESTMENT INCOME -----
EXCISE FOREIGN	3,100. 430.	430.
	-----	-----
TOTALS	3,530. =====	430. =====

FORM 990PF, PART I - OTHER EXPENSES
=====

DESCRIPTION	REVENUE AND EXPENSES PER BOOKS	NET INVESTMENT INCOME	CHARITABLE PURPOSES
ATTORNEY GENERAL	15.		15.
MISC.	20.		
GENERAL, OFFICE, ETC. EXPENSE	14,171.		14,171.
ADMINISTRATIVE	33,920.		33,920.
PUBLIC RELATIONS	11,636.		11,636.
SECRETARY OF STATE	62.		62.
TOTALS	59,824.	20.	59,804.

HUGH M. HEFNER FOUNDATION 23-19173

36-6108843

FORM 990PF, PART II - CORPORATE STOCK

=====

DESCRIPTION	ENDING BOOK VALUE	ENDING FMV
-----	-----	---
SCHEDULE ATTACHED	509,013.	574,739.
	-----	-----
TOTALS	509,013.	574,739.
	=====	=====

HUGH M. HEFNER FOUNDATION 23-19173

36-6108843

FORM 990PF, PART II - CORPORATE BONDS
=====

DESCRIPTION -----	ENDING BOOK VALUE -----	ENDING FMV ---
SCHEDULE ATTACHED	474,532.	464,658.
TOTALS	474,532.	464,658.
	=====	=====

HUGH M. HEFNER FOUNDATION 23-19173

36-6108843

FORM 990PF, PART II - OTHER INVESTMENTS
=====

DESCRIPTION	COST/ FMV C OR F	ENDING BOOK VALUE	ENDING FMV
SCHEDULE ATTACHED	C	100,783.	94,247.
TOTALS		100,783.	94,247.

FORM 990PF, PART VII-A, LINE 14 - BOOKS ARE IN THE CARE OF
=====

NAME: MICHAEL R. WHALEN, ESQ.
DAVIS & WHALEN PC
ADDRESS: 531 SOUTH MARENGO AVENUE
PASADENA, CA 91101-3114

TELEPHONE NUMBER: (626) 765-9343

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

OFFICER NAME:
HUGH M. HEFNER
ADDRESS:
10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024
TITLE:
PRES & DIR

OFFICER NAME:
CHRISTIE HEFNER
ADDRESS:
10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024
TITLE:
DIRECTOR

OFFICER NAME:
RICHARD S. ROSENZWEIG
ADDRESS:
10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024
TITLE:
VICE PRES & DIR

OFFICER NAME:
MICHAEL R. WHALEN ESQ.
ADDRESS:
531 SOUTH MARENGO AVE
PASADENA, CA 91101
TITLE:
SEC & DIR

COMPENSATION 28,000.

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

OFFICER NAME:

GARY ISKOWITZ

ADDRESS:

1801 CENTURY PARK EAST, SUITE 1010
LOS ANGELES, CA 90067-2340

TITLE:

TREAS & DIR

OFFICER NAME:

ANTHONY M. GLASSMAN ESQ.

ADDRESS:

360 NORTH BEDFORD DRIVE
BEVERLY HILLS, CA 90210

TITLE:

DIRECTOR

TOTAL COMPENSATION:

28,000.

=====

HUGH M. HEFNER FOUNDATION 23-19173
FORM 990PF, PART XV - LINES 2a - 2d
=====

36-6108843

RECIPIENT NAME:

HUGH HEFNER

FORM, INFORMATION AND MATERIALS:

BY LETTER

SUBMISSION DEADLINES:

NONE

RESTRICTIONS OR LIMITATIONS ON AWARDS:

NONE

STATEMENT 12

=====

RECIPIENT NAME:
 CHILDREN OF THE NIGHT
 ADDRESS:
 *
 VAN NUYS, CA
 RELATIONSHIP:
 NONE
 PURPOSE OF GRANT:
 GENERAL
 FOUNDATION STATUS OF RECIPIENT:
 PUBLIC

RECIPIENT NAME:
 PLANNED PARENTHOOD
 AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:
 ACLU FOUNDATION
 ADDRESS:
 *
 LOS ANGELES, CA
 RELATIONSHIP:
 NONE
 PURPOSE OF GRANT:
 GENERAL
 FOUNDATION STATUS OF RECIPIENT:
 PUBLIC
 AMOUNT OF GRANT PAID 11,000.

RECIPIENT NAME:
 DRUG POLICY ALLIANCE
 ADDRESS:
 *
 NEW YORK, NY 10018
 RELATIONSHIP:
 NONE
 PURPOSE OF GRANT:
 GENERAL
 FOUNDATION STATUS OF RECIPIENT:
 PUBLIC
 AMOUNT OF GRANT PAID 10,000.

RECIPIENT NAME:
STUDENT PRESS LAW CENTER
ADDRESS:
*
ARLINGTON, VA
RELATIONSHIP:
NONE
PURPOSE OF GRANT:
GENERAL
FOUNDATION STATUS OF RECIPIENT:
PUBLIC
AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:
NATIONAL RUNAWAY SWITCHBOARD
ADDRESS:
*
CHICAGO, IL
RELATIONSHIP:
NONE
PURPOSE OF GRANT:
GENERAL
FOUNDATION STATUS OF RECIPIENT:
PUBLIC
AMOUNT OF GRANT PAID 2,500.

RECIPIENT NAME:
KINSEY INSTITUTE
ADDRESS:
*
BLOOMINGTON, IN
RELATIONSHIP:
NONE
PURPOSE OF GRANT:
GENERAL
FOUNDATION STATUS OF RECIPIENT:
PUBLIC

RECIPIENT NAME:
FOUNDATION FOR
INDIVIDUAL RIGHTS
ADDRESS:
*
PHILADELPHIA, PA 19106
RELATIONSHIP:
NONE
PURPOSE OF GRANT:
GENERAL
FOUNDATION STATUS OF RECIPIENT:
PUBLIC
AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:
MARJORIE HEINS - HUGH M.
HEFNER FIRST AMENDMENT AWARD
ADDRESS:
10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815
RELATIONSHIP:
SEE ATTACHED DESCRIPTION
AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:
JOHN BARLOW - HUGH M.
HEFNER FIRST AMENDMENT AWARD
ADDRESS:
10236 CHARING CROSS ROAD
LOS ANGELES, CA
RELATIONSHIP:
SEE ATTACHED EXPLANATION
AMOUNT OF GRANT PAID 1,250.

=====

RECIPIENT NAME:

MORRIS DAVIS - HUGH M.
HEFNER FIRST AMENDMENT AWARD

ADDRESS:

10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815

RELATIONSHIP:

SEE ATTACHED EXPALANTION

AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:

DANIEL ELLSBERG - HUGH M.
HEFNER FIRST AMENDMENT AWARD

ADDRESS:

10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815

RELATIONSHIP:

SEE ATTACHED EXPLANATION

AMOUNT OF GRANT PAID 1,250.

RECIPIENT NAME:

JESSICA AHLQUIST - HUGH M.
HEFNER FIRST AMENDMENT AWARD

ADDRESS:

10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815

RELATIONSHIP:

SEE ATTACHED EXPLANATION

AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:

PEOPLE FOR THE
AMERICAN WAY

ADDRESS:

*

WASHINGTON, DC

RELATIONSHIP:

NONE

PURPOSE OF GRANT:

GENERAL

FOUNDATION STATUS OF RECIPIENT:

PUBLIC

AMOUNT OF GRANT PAID 5,000.

RECIPIENT NAME:

TREVOR TIMM - HUGH M. HEFNER
FIRST AMENDMENT AWARD

ADDRESS:

10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815

AMOUNT OF GRANT PAID 1,250.

RECIPIENT NAME:

RAINEY REITMAN - HUGH M. HEFNER
FIRST AMENDMENT AWARD

ADDRESS:

10236 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815

AMOUNT OF GRANT PAID 1,250.

RECIPIENT NAME:

PEOPLE FOR AMERICAN WAY
HUGH HEFNER - FIRST AMENDMENT AWARD

ADDRESS:

1026 CHARING CROSS ROAD
LOS ANGELES, CA 90024-1815

RELATIONSHIP:

SEE ATTACHED EXPLANATION

AMOUNT OF GRANT PAID 5,000.

TOTAL GRANTS PAID:

68,500.

=====

FEDERAL FOOTNOTES

=====

FIRST MADE IN 1980, THE HUGH M. HEFNER FIRST AMENDMENT AWARD IS GRANTED PERODICALLY TO INDIVIDUALS AND INSTITUTIONS IN RECOGNITION OF PAST CONTRIBUTIONS TO THE PROTECTION AND ENHANCEMENT OF RIGHTS UNDER THE FIRST AMENDMENT TO THE U.S. CONSTITUTION. FOR MORE INFORMATION REGARDING THE SELECTION PROCESS AND THE SPECIFIC ACHIEVEMENTS OF GRANT RECIPIENTS, PLEASE VISIT [HTTP://HMHFOUNDATION.ORG](http://HMHFOUNDATION.ORG). SEVEN INDIVIDUALS AND ONE INSTITUTION EACH RECEIVED GRANTS (RANGING FROM \$1,250 TO \$5,000) DURING THE PERIOD FROM JULY1, 2012 THROUGH JUNE 30, 2013.

**SCHEDULE D
(Form 1041)**

Department of the Treasury
Internal Revenue Service

Capital Gains and Losses

▶ Attach to Form 1041, Form 5227, or Form 990-T.
▶ Information about Schedule D (Form 1041) and its separate instructions is at
www.irs.gov/form1041.

OMB No 1545-0092

2012

Name of estate or trust: HUGH M. HEFNER FOUNDATION 23-19173 Employer identification number: 36-6108843

Note: Form 5227 filers need to complete only Parts I and II.

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
1a					

b Enter the short-term gain or (loss), if any, from Schedule D-1, line 1b	1b	3,946.
2 Short-term capital gain or (loss) from Forms 4684, 6252, 6781, and 8824	2	
3 Net short-term gain or (loss) from partnerships, S corporations, and other estates or trusts	3	
4 Short-term capital loss carryover. Enter the amount, if any, from line 9 of the 2011 Capital Loss Carryover Worksheet	4	()
5 Net short-term gain or (loss). Combine lines 1a through 4 in column (f). Enter here and on line 13, column (3) on the back	5	3,946.

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example 100 shares 7% preferred of "Z" Co)	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) for the entire year Subtract (e) from (d)
6a LONG-TERM CAPITAL GAIN DIVIDENDS					12,128.

b Enter the long-term gain or (loss), if any, from Schedule D-1, line 6b	6b	35,076.
7 Long-term capital gain or (loss) from Forms 2439, 4684, 6252, 6781, and 8824	7	
8 Net long-term gain or (loss) from partnerships, S corporations, and other estates or trusts	8	
9 Capital gain distributions	9	
10 Gain from Form 4797, Part I	10	
11 Long-term capital loss carryover. Enter the amount, if any, from line 14 of the 2011 Capital Loss Carryover Worksheet	11	()
12 Net long-term gain or (loss). Combine lines 6a through 11 in column (f). Enter here and on line 14a, column (3) on the back	12	47,204.

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D (Form 1041) 2012

Part III Summary of Parts I and II		(1) Beneficiaries' (see instr.)	(2) Estate's or trust's	(3) Total
Caution: Read the instructions before completing this part.				
13	Net short-term gain or (loss)	13		3,946.
14	Net long-term gain or (loss):			
a	Total for year	14a		47,204.
b	Unrecaptured section 1250 gain (see line 18 of the wrksh)	14b		
c	28% rate gain	14c		10,356.
15	Total net gain or (loss). Combine lines 13 and 14 ▶	15		51,150.

Note: If line 15, column (3), is a net gain, enter the gain on Form 1041, line 4 (or Form 990-T, Part I, line 4a). If lines 14a and 15, column (2), are net gains, go to Part V, and do not complete Part IV. If line 15, column (3), is a net loss, complete Part IV and the **Capital Loss Carryover Worksheet**, as necessary.

Part IV Capital Loss Limitation

16	Enter here and enter as a (loss) on Form 1041, line 4 (or Form 990-T, Part I, line 4c, if a trust), the smaller of: a The loss on line 15, column (3) or b \$3,000	16	()
-----------	---	-----------	-----

Note: If the loss on line 15, column (3), is more than \$3,000, or if Form 1041, page 1, line 22 (or Form 990-T, line 34), is a loss, complete the **Capital Loss Carryover Worksheet** in the instructions to figure your capital loss carryover.

Part V Tax Computation Using Maximum Capital Gains Rates

Form 1041 filers. Complete this part **only** if both lines 14a and 15 in column (2) are gains, or an amount is entered in Part I or Part II and there is an entry on Form 1041, line 2b(2), and Form 1041, line 22, is more than zero.

Caution: Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if:

- Either line 14b, col. (2) or line 14c, col. (2) is more than zero, or
- Both Form 1041, line 2b(1), and Form 4952, line 4g are more than zero.

Form 990-T trusts. Complete this part **only** if both lines 14a and 15 are gains, or qualified dividends are included in income in Part I of Form 990-T, and Form 990-T, line 34, is more than zero. Skip this part and complete the **Schedule D Tax Worksheet** in the instructions if either line 14b, col. (2) or line 14c, col. (2) is more than zero.

17	Enter taxable income from Form 1041, line 22 (or Form 990-T, line 34)	17		
18	Enter the smaller of line 14a or 15 in column (2) but not less than zero	18		
19	Enter the estate's or trust's qualified dividends from Form 1041, line 2b(2) (or enter the qualified dividends included in income in Part I of Form 990-T)	19		
20	Add lines 18 and 19	20		
21	If the estate or trust is filing Form 4952, enter the amount from line 4g; otherwise, enter -0- . . . ▶	21		
22	Subtract line 21 from line 20. If zero or less, enter -0-	22		
23	Subtract line 22 from line 17. If zero or less, enter -0-	23		
24	Enter the smaller of the amount on line 17 or \$2,400	24		
25	Is the amount on line 23 equal to or more than the amount on line 24? <input type="checkbox"/> Yes. Skip lines 25 and 26; go to line 27 and check the "No" box <input type="checkbox"/> No. Enter the amount from line 23	25		
26	Subtract line 25 from line 24	26		
27	Are the amounts on lines 22 and 26 the same? <input type="checkbox"/> Yes. Skip lines 27 thru 30, go to line 31 <input type="checkbox"/> No. Enter the smaller of line 17 or line 22	27		
28	Enter the amount from line 26 (If line 26 is blank, enter -0-)	28		
29	Subtract line 28 from line 27	29		
30	Multiply line 29 by 15% (.15)	30		
31	Figure the tax on the amount on line 23. Use the 2012 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041)	31		
32	Add lines 30 and 31	32		
33	Figure the tax on the amount on line 17. Use the 2012 Tax Rate Schedule for Estates and Trusts (see the Schedule G instructions in the instructions for Form 1041)	33		
34	Tax on all taxable income. Enter the smaller of line 32 or line 33 here and on Form 1041, Schedule G, line 1a (or Form 990-T, line 36)	34		

**SCHEDULE D-1
(Form 1041)**

**Continuation Sheet for Schedule D
(Form 1041)**

OMB No 1545-0092

2012

Department of the Treasury
Internal Revenue Service

▶ Attach to Schedule D to list additional transactions for lines 1a and 6a.

▶ Information about Schedule D (Form 1041) and its separate instructions is at www.irs.gov/form1041

Name of estate or trust HUGH M. HEFNER FOUNDATION 23-19173	Employer identification number 36-6108843
--	---

Part I Short-Term Capital Gains and Losses - Assets Held One Year or Less

(a) Description of property (Example 100 sh 7% preferred of "Z" Co)	(b) Date acquired (mo, day, yr)	(c) Date sold (mo, day, yr)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
1a 45. MFC FLEXSHARES TR TR I TARGET DURATION TIPS INDEX	07/24/2012	09/27/2012	1,145.00	1,139.00	6.00
39. MFC FLEXSHARES TR TR I TARGET DURATION TIPS INDEX	07/24/2012	10/10/2012	994.00	987.00	7.00
15. MFC FLEXSHARES TR TR I TARGET DURATION TIPS INDEX	07/24/2012	11/08/2012	381.00	380.00	1.00
28. MFB NORTHN MID CAP IND	03/05/2012	07/03/2012	357.00	361.00	-4.00
23. MFB NORTHN MID CAP IND	03/05/2012	09/27/2012	305.00	296.00	9.00
21. MFB NORTHN MID CAP IND	03/05/2012	10/10/2012	274.00	271.00	3.00
71. MFB NORTHN MID CAP IND	12/19/2012	01/14/2013	973.00	923.00	50.00
1838.71 MFB NORTHERN FUNDS MANAGER LARGE CAP FD	05/03/2013	06/04/2013	17,946.00	16,649.00	1,297.00
16. MFB NORTHN MULTIMGR MI	12/30/2011	07/03/2012	188.00	175.00	13.00
62. MFB NORTHN FUNDS EMERG EQTY EQTY INDEX FD	03/05/2012	07/03/2012	673.00	800.00	-127.00
54. MFB NORTHN FUNDS EMERG EQTY EQTY INDEX FD	03/05/2012	09/27/2012	617.00	643.00	-26.00
47. MFB NORTHN FUNDS EMERG EQTY EQTY INDEX FD	03/05/2012	10/10/2012	529.00	559.00	-30.00 *
61. MFB NORTHN FDS SMALL C	03/05/2012	07/03/2012	553.00	575.00	-22.00
53. MFB NORTHN FDS SMALL C	03/05/2012	09/27/2012	497.00	470.00	27.00
47. MFB NORTHN FDS SMALL C	03/05/2012	10/10/2012	432.00	416.00	16.00
26. MFB NORTHN FDS SMALL C	03/05/2012	11/08/2012	230.00	230.00	
74. MFB NORTHN FDS SMALL C	12/19/2012	01/14/2013	710.00	661.00	49.00
175. PIMCO FDS PAC INVT MG YIELD FD INSTL CL	05/08/2012	07/03/2012	1,629.00	1,636.00	-7.00
151. PIMCO FDS PAC INVT MG YIELD FD INSTL CL	05/08/2012	09/27/2012	1,436.00	1,412.00	24.00
134. PIMCO FDS PAC INVT MG YIELD FD INSTL CL	05/08/2012	10/10/2012	1,278.00	1,253.00	25.00
649. PIMCO FDS PAC INVT MG YIELD FD INSTL CL	05/08/2012	11/08/2012	6,204.00	6,058.00	146.00
32. MFC SPDR GOLD TR GOLD	05/08/2012	04/04/2013	4,797.00	4,968.00	-171.00
88. MFO VANGUARD FXD INC S INFLATION-PROTECTED SECS FD	12/30/2011	07/03/2012	1,290.00	1,242.00	48.00
3282.3 MFO VANGUARD FXD IN INC INFLATION-PROTECTED SEC	12/30/2011	07/24/2012	48,742.00	46,160.00	2,582.00
1b Total. Combine the amounts in column (f). Enter here and on Schedule D, line 1b					3,946.00

For Paperwork Reduction Act Notice, see the Instructions for Form 1041.

Schedule D-1 (Form 1041) 2012

JSA
2F1221 2 000

* INDICATES WASH SALE

ARP477 548L 11/18/2013 10:05:13

23-19173

42

Name of estate or trust as shown on Form 1041 Do not enter name and employer identification number if shown on the other side
HUGH M. HEFNER FOUNDATION 23-19173

Employer identification number
36-6108843

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example 100 sh 7% preferred of "Z" Co)	(b) Date acquired (mo., day, yr)	(c) Date sold (mo., day, yr)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6a 61. MFB NORTHN MID CAP IND	03/05/2012	04/04/2013	891.00	786.00	105.00
194. MFB NORTHN INTL EQTY	03/05/2011	07/03/2012	1,826.00	2,404.00	-578.00
167. MFB NORTHN INTL EQTY	03/05/2011	09/27/2012	1,677.00	1,655.00	22.00
147. MFB NORTHN INTL EQTY	05/19/2010	10/10/2012	1,442.00	1,304.00	138.00
195. MFB NORTHN INTL EQTY	05/19/2010	11/08/2012	1,909.00	1,730.00	179.00
107. MFB NORTHN INTL EQTY	12/30/2011	01/14/2013	1,135.00	956.00	179.00
63. MFB NORTHN INTL EQTY I	03/05/2012	04/04/2013	680.00	624.00	56.00
52. MFB NORTHN FDS MULTI-M GLOBAL REALESTATE FD	01/01/2011	07/03/2012	920.00	1,031.00	-111.00
45. MFB NORTHN FDS MULTI-M GLOBAL REALESTATE FD	12/21/2010	09/27/2012	820.00	789.00	31.00
39. MFB NORTHN FDS MULTI-M GLOBAL REALESTATE FD	09/23/2011	10/10/2012	708.00	633.00	75.00
47. MFB NORTHN FDS MULTI-M GLOBAL REALESTATE FD	09/23/2011	11/08/2012	857.00	727.00	130.00
820. MFB NORTHN FDS MULTI- GLOBAL REALESTATE FD	12/30/2011	04/04/2013	15,908.00	11,801.00	4,107.00
72. MFB NORTHN FDS MULTI-M EMERGING MKTS EQTY FD	05/27/2009	07/03/2012	1,251.00	1,135.00	116.00
63. MFB NORTHN FDS MULTI-M EMERGING MKTS EQTY FD	09/23/2011	09/27/2012	1,152.00	1,122.00	30.00
54. MFB NORTHN FDS MULTI-M EMERGING MKTS EQTY FD	09/23/2011	10/10/2012	973.00	962.00	11.00
232. MFB NORTHERN FUNDS MU LARGE CAP FD	05/19/2010	07/03/2012	2,178.00	1,810.00	368.00
200. MFB NORTHERN FUNDS MU LARGE CAP FD	09/23/2011	09/27/2012	1,962.00	1,648.00	314.00
177. MFB NORTHERN FUNDS MU LARGE CAP FD	09/23/2011	10/10/2012	1,720.00	1,458.00	262.00
554. MFB NORTHERN FUNDS MU LARGE CAP FD	11/07/2011	11/08/2012	5,191.00	4,999.00	192.00
116. MFB NORTHERN FUNDS MU LARGE CAP FD	12/30/2011	01/14/2013	1,028.00	1,009.00	19.00
348. MFB NORTHERN FUNDS MU LARGE CAP FD	12/30/2011	04/04/2013	3,219.00	3,028.00	191.00
7270.88 MFB NORTHERN FUNDS MANAGER LARGE CAP FD	12/30/2011	06/04/2013	70,964.00	59,086.00	11,878.00
704. MFB NORTHERN FUNDS BD	05/19/2010	07/03/2012	7,765.00	7,427.00	338.00
609. MFB NORTHERN FUNDS BD	05/19/2010	09/27/2012	6,766.00	6,425.00	341.00
538. MFB NORTHERN FUNDS BD	05/19/2010	10/10/2012	5,972.00	5,676.00	296.00

6b Total. Combine the amounts in column (f). Enter here and on Schedule D, line 6b

Name of estate or trust as shown on Form 1041 Do not enter name and employer identification number if shown on the other side

Employer identification number

HUGH M. HEFNER FOUNDATION 23-19173

36-6108843

Part II Long-Term Capital Gains and Losses - Assets Held More Than One Year

(a) Description of property (Example 100 sh 7% preferred of "Z" Co)	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Sales price	(e) Cost or other basis (see instructions)	(f) Gain or (loss) Subtract (e) from (d)
6a 1110. MFB NORTHERN FUNDS B	11/07/2011	01/14/2013	12,132.00	12,177.00	-45.00
168. MFB NORTHN MULTI-MANA EQTY FD FD	05/27/2009	07/03/2012	1,460.00	1,273.00	187.00
146. MFB NORTHN MULTI-MANA EQTY FD FD	09/23/2011	09/27/2012	1,348.00	1,177.00	171.00
129. MFB NORTHN MULTI-MANA EQTY FD FD	09/23/2011	10/10/2012	1,170.00	1,040.00	130.00
71. MFB NORTHN MULTI-MANAG FD FD	09/23/2011	11/08/2012	645.00	572.00	73.00
135. MFB NORTHN MULTI-MANA EQTY FD FD	12/30/2011	01/14/2013	1,319.00	1,118.00	201.00
4. MFB NORTHN MULTI-MANAGE FD FD	12/30/2011	04/04/2013	39.00	33.00	6.00
58. MFB NORTHN MULTIMGR SM	06/30/2011	07/03/2012	561.00	661.00	-100.00
49. MFB NORTHN MULTIMGR SM	06/30/2011	09/27/2012	485.00	536.00	-51.00
44. MFB NORTHN MULTIMGR SM	06/30/2011	10/10/2012	429.00	481.00	-52.00
81. MFB NORTHN MULTIMGR SM	06/30/2011	01/14/2013	815.00	886.00	-71.00
103. MFB NORTHN MULTIMGR S	06/30/2011	04/04/2013	1,094.00	1,127.00	-33.00
13. MFB NORTHN MULTIMGR MI	09/23/2011	09/27/2012	160.00	133.00	27.00
12. MFB NORTHN MULTIMGR MI	09/23/2011	10/10/2012	145.00	123.00	22.00
41. MFB NORTHN MULTIMGR MI	12/30/2011	04/04/2013	539.00	448.00	91.00
116. MFB NORTHN FDS SMALL	03/05/2012	04/04/2013	1,175.00	1,028.00	147.00
243. MFB NORTHERN FDS STK	05/19/2010	07/03/2012	4,141.00	3,361.00	780.00
210. MFB NORTHERN FDS STK	09/23/2011	09/27/2012	3,770.00	2,967.00	803.00
186. MFB NORTHERN FDS STK	09/23/2011	10/10/2012	3,307.00	2,628.00	679.00
819. MFB NORTHERN FDS STK	11/07/2011	11/08/2012	14,029.00	12,151.00	1,878.00
30. MFB NORTHERN FDS STK I	12/23/2011	01/14/2013	547.00	470.00	77.00
399. MFB NORTHERN FDS STK	12/30/2011	04/04/2013	7,725.00	6,217.00	1,508.00
87. PIMCO COMMODITY REALRE STRATEGY FUND	12/13/2010	07/03/2012	576.00	802.00	-226.00
74. PIMCO COMMODITY REALRE STRATEGY FUND	09/23/2011	09/27/2012	522.00	563.00	-41.00
66. PIMCO COMMODITY REALRE STRATEGY FUND	09/23/2011	10/10/2012	469.00	501.00	-32.00

6b Total. Combine the amounts in column (f). Enter here and on Schedule D, line 6b

Schedule D-1 (Form 1041) 2012

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◆ Asset Detail - Base Currency

Description / Asset ID	Investment Mgr ID	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Market	Unrealized gain/loss Translation	Total
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Equity Securities

Equity funds

Emerging Markets Region - USD

MFB NORTHN FDS MULTI-MANAGER EMERGING MKTS EQTY FD CUSIP 665162483		17.42	0.00	77,195.85	76,414.54	781.31	0.00	781.31
Total USD								

International Region - USD

MFB NORTHN FDS EMERGING MKTS EQTY INDEX FD CUSIP 665162582		10.60	0.00	41,056.13	45,686.09	-4,629.96	0.00	-4,629.96
Total Emerging Markets Region								
Total International Region								

United States - USD

MFB NORTHN INTL EQTY INDEX FD CUSIP 665130209		10.68	0.00	76,245.48	67,431.64	8,813.84	0.00	8,813.84
Total USD								

Emerging Markets Region

MFB NORTHN MULTI-MANAGER INTL EQTY FD CUSIP 665162558		9.58	0.00	60,831.85	51,355.98	9,475.87	0.00	9,475.87
Total USD								

United States - USD

MFB NORTHN FDS SMALL CAP INDEX FD CUSIP 665162723		10.73	0.00	23,294.50	19,522.87	3,771.63	0.00	3,771.63
Total International Region								
Total United States - USD								

Emerging Markets Region

MFB NORTHN FDS STK INDEX FD CUSIP 665162772		19.93	0.00	161,777.78	120,160.41	41,617.37	0.00	41,617.37
Total USD								

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◆ Asset Detail - Base Currency

Description / Asset ID		Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Market	Unrealized gain/loss Translation	Total
Equity Securities								
Equity funds								
United States - USD								
MFB NORTHN MID CAP INDEX FD	CUSIP 665130100							
950 720	15 11	0 00	14,365 37	12,430 89	1,934 48	0 00		1,934 48
MFB NORTHN MULTI-MANAGER MID CAP FD CUSIP 665162574								
616 720	13 58	0 00	8,375 05	6,814 38	1,560 67	0 00		1,560 67
MFB NORTHN MULTI-MANAGER SMALL CAP FD CUSIP 665162566								
2,071 760	11 32	0 00	23,452 32	20,043 02	3,409 30	0 00		3,409 30
MFO DELAWARE VALUE FUND-I CUSIP 24610C857								
3,065 580	14 37	0 00	44,052 38	44,634 86	-582 48	0 00		-582 48
MFO HBR FD CAP APPRECIATION FD CUSIP 411511504								
947 600	46 53	0 00	44,091 82	44,518 40	-426 58	0 00		-426 58
Total USD		0 00	319,409 22	268,124 83	51,284 39	0 00		51,284 39
Total United States		0 00	319,409 22	268,124 83	51,284 39	0 00		51,284 39
Total Equity Funds		0 00	674,738.53	509,013.08	66,726.45	0 00		66,726.45
39,734,290								
Total Equity Securities		0 00	674,738.53	509,013.08	66,726.45	0 00		66,726.45
39,734,290								
Fixed Income Securities								
Corporate/government								
United States - USD								
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◆ Asset Detail - Base Currency

Description / Asset ID	Investment Mgr ID	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Market	Unrealized gain/loss Translation	Total
Fixed Income Securities								
Corporate/government								
United States - USD								
MFB NORTHERN FDS BD INDEX FD CUSIP 665162533								
Issue Date 25 Aug 08	28,956,000	10.54	0.00	305,196.24	310,734.81	-5,538.57	0.00	-5,538.57
MFO PIMCO FDS EMERGING LOCAL BD FD INSTLCL USD CUSIP 72201F516								
Issue Date 29 Aug 08	3,248,470	9.78	0.00	31,770.03	34,751.78	-2,981.75	0.00	-2,981.75
MFO PIMCO FDS PAC INVT MGMT SER HIGH YIELD FD INSTLCL CUSIP 693390841								
Issue Date 29 Aug 08	6,775,880	9.42	0.00	63,828.79	63,768.90	59.89	0.00	59.89
Total USD			0.00	400,795.06	409,255.49	-8,460.43	0.00	-8,460.43
Total United States			0.00	400,795.06	409,255.49	-8,460.43	0.00	-8,460.43
Total Corporate/Government	38,980,360		0.00	400,795.06	409,255.49	-8,460.43	0.00	-8,460.43
Other bonds								
United States - USD								
MFC FLEXSHARES TR TR IBOXX 3 YR TARGET DURATION TIPS INDEX FD CUSIP 33939L506								
Issue Date 07 Dec 12	2,572,000	24.83	0.00	63,862.76	65,276.32	-1,413.56	0.00	-1,413.56
Total USD			0.00	63,862.76	65,276.32	-1,413.56	0.00	-1,413.56
Total United States			0.00	63,862.76	65,276.32	-1,413.56	0.00	-1,413.56

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◆ Asset Detail - Base Currency

Description / Asset ID	Investment Mgr ID	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Market	Unrealized gain/loss Translation	Total
Fixed Income Securities								
Total Other Bonds								
	2,572,000		0.00	63,862.76	65,276.32	-1,413.56	0.00	-1,413.56
Total Fixed Income Securities								
	41,562,350		0.00	464,667.82	474,531.81	-9,873.99	0.00	-9,873.99

Real Estate

Real estate funds

Global Region - USD

MFB NORTHN FDS MULTI-MANAGER GLOBAL REALESTATE FD CUSIP 665162475

	2,236,010	18.17	0.00	40,628.30	36,976.19	3,652.11	0.00	3,652.11
Total USD			0.00	40,628.30	36,976.19	3,652.11	0.00	3,652.11
Total Global Region			0.00	40,628.30	36,976.19	3,652.11	0.00	3,652.11
Total Real Estate Funds								
	2,236,010		0.00	40,628.30	36,976.19	3,652.11	0.00	3,652.11
Total Real Estate								
	2,236,010		0.00	40,628.30	36,976.19	3,652.11	0.00	3,652.11

Commodities

Commodities

United States - USD

MFO PIMCO FDS PAC INVT MGMT SER COMMODITY REALRETURN STRATEGY FD INSTL CUSIP 722005667

	9,695,900	5.53	0.00	53,618.32	63,807.26	-10,188.94	0.00	-10,188.94
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◆ Asset Detail - Base Currency

Description / Asset ID	Investment Mgr ID	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Market	Unrealized gain/loss Translation	Total
Commodities								
Total USD		0.00	0.00	53,618.32	63,807.26	-10,188.94	0.00	-10,188.94
Total United States		0.00	0.00	53,618.32	63,807.26	-10,188.94	0.00	-10,188.94
Total Commodities	9,695,900	0.00	0.00	53,618.32	63,807.26	-10,188.94	0.00	-10,188.94
Total Commodities	9,695,900	0.00	0.00	53,618.32	63,807.26	-10,188.94	0.00	-10,188.94

Cash and Short Term Investments

Short term								
USD - United States dollar								
		1.00	0.00	11,662.57	11,662.57	0.00	0.00	0.00
Total short term - all currencies		0.00	0.00	11,662.57	11,662.57	0.00	0.00	0.00
Total short term - all countries		0.00	0.00	11,662.57	11,662.57	0.00	0.00	0.00
Total Short Term	11,662,670	0.00	0.00	11,662.57	11,662.57	0.00	0.00	0.00
Total Cash and Short Term Investments								
		0.00	0.00	11,662.57	11,662.57	0.00	0.00	0.00
Total	104,881,120	0.00	0.00	1,145,305.54	1,095,990.91	49,314.63	0.00	49,314.63

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◆ Asset Detail - Base Currency

<u>Description / Asset ID</u>	Investment Mgr ID	Exchange rate/ local market price	Accrued income/expense	Market Value	Cost	Market	Unrealized gain/loss Translation	Total

Please note that this report has been prepared using best available data. This report may also contain information provided by third parties, derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction. Northern Trust assumes no responsibility for the accuracy, timeliness or completeness of any such information. Northern Trust assumes no responsibility for the consequences of investment decisions made in reliance on information contained in this report. If you have questions regarding third party data or direction as it relates to this report, please contact your Northern Trust relationship team.

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