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

For calendar year 2012, or tax year beginning 7/01 , 2012, and ending 6/30 , 2013

THE LESTER AND ROBERTA SMITH FOUNDATION
5920 E PIMA #170
TUCSON, AZ 85712

A Employer identification number 86-0986636

B Telephone number (see the instructions) 520/886-5495

C If exemption application is pending, check here ► ☐

D 1 Foreign organizations, check here ► ☐

2 Foreign organizations meeting the 85% test, check here and attach computation ► ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ► ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► ☐

G Check all that apply: ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

H Check type of organization ☒ Section 501(c)(3) exempt private foundation ☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, column (c), line 16)* ► $ 2,660,164.

J Accounting method ☒ Cash ☐ Accrual ☐ Other (specify) *(Part I, column (d) must be on cash basis.)*

	Part I	**Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)*	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
REVENUE	1	Contributions, gifts, grants, etc, received (att sch)				
	2	Ck ► ☒ if the foundn is **not** req to att Sch B				
	3	Interest on savings and temporary cash investments				
	4	Dividends and interest from securities	76,317.	76,317.	76,317.	
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain/(loss) from sale of assets not on line 10	9,253.			
	b	Gross sales price for all assets on line 6a 444,623.				
	7	Capital gain net income (from Part IV, line 2)		9,253.		
	8	Net short-term capital gain			1,827.	
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit/(loss) (att sch)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	85,570.	85,570.	78,144.	
OPERATING AND ADMINISTRATIVE EXPENSES	13	Compensation of officers, directors, trustees, etc	0.			
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)				
	b	Accounting fees (attach sch) SEE ST 1	6,149.	61.	61.	6,088.
	c	Other prof fees (attach sch) SEE ST 2	23,773.	238.	238.	23,535.
	17	Interest				
	18	Taxes (attach schedule)(see instrs) SEE STM 3	1,036.	1,036.	10.	1,026.
	19	Depreciation (attach sch) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule) SEE STATEMENT 4	194.	2.	2.	192.
	24	**Total operating and administrative expenses.** Add lines 13 through 23	31,152.	1,337.	311.	30,841.
	25	Contributions, gifts, grants paid STMT 5	101,000.			101,000.
	26	**Total expenses and disbursements.** Add lines 24 and 25	132,152.	1,337.	311.	131,841.
	27	Subtract line 26 from line 12:				
	a	**Excess of revenue over expenses and disbursements**	-46,582.			
	b	**Net investment income** (if negative, enter -0-)		84,233.		
	c	**Adjusted net income** (if negative, enter -0-)			77,833.	

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Part II Balance Sheets

Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)

			Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
ASSETS	1	Cash – non-interest-bearing			
	2	Savings and temporary cash investments	212,621.	179,849.	179,849.
	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 sch) ►			
		Less: allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments – U S and state government obligations (attach schedule)			
	b	Investments – corporate stock (attach schedule)	1,218,985.	1,266,657.	1,428,378.
	c	Investments – corporate bonds (attach schedule)	1,130,894.	1,069,412.	1,051,937.
	11	Investments – land, buildings, and equipment: basis ►			
		Less. accumulated depreciation (attach schedule) ►			
	12	Investments – mortgage loans			
	13	Investments – other (attach schedule)			
	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)	2,562,500.	2,515,918.	2,660,164.
LIABILITIES	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, & other disqualified persons			
	21	Mortgages and other notes payable (attach schedule)			
	22	Other liabilities (describe ►)			
	23	**Total liabilities** (add lines 17 through 22)	0.	0.	
NET ASSETS OR FUND BALANCES		**Foundations that follow SFAS 117, check here ► ☒ and complete lines 24 through 26 and lines 30 and 31.**			
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted	2,562,500.	2,515,918.	
		Foundations that do not follow SFAS 117, check here ► ☐ and complete lines 27 through 31.			
	27	Capital stock, trust principal, or current funds			
	28	Paid-in or capital surplus, or land, building, and equipment fund			
	29	Retained earnings, accumulated income, endowment, or other funds			
	30	**Total net assets or fund balances** (see instructions)	2,562,500.	2,515,918.	
	31	**Total liabilities and net assets/fund balances** (see instructions)	2,562,500.	2,515,918.	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year – Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	2,562,500.
2	Enter amount from Part I, line 27a	2	-46,582.
3	Other increases not included in line 2 (itemize) ►	3	
4	Add lines 1, 2, and 3	4	2,515,918.
5	Decreases not included in line 2 (itemize) ►	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5) – Part II, column (b), line 30	6	2,515,918.

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g., real estate, 2-story brick warehouse; or common stock, 200 shares MLC Company)	**(b)** How acquired P — Purchase D — Donation	**(c)** Date acquired (month, day, year)	**(d)** Date sold (month, day, year)
1 a	SEE STATEMENT 6			
b				
c				
d				
e				

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

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			**(l)** Gains (Column (h) gain minus column (k), but not less than -0-) **or** Losses (from column (h))
	(i) Fair Market Value as of 12/31/69	**(j)** Adjusted basis as of 12/31/69	**(k)** Excess of column (i) over column (j), if any	
a				
b				
c				
d				
e				

2 Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 / If (loss), enter -0- in Part I, line 7 } **2** 9,253.

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** 1,827.

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

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

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

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

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

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

(a) Base period years Calendar year (or tax year beginning in)	**(b)** Adjusted qualifying distributions	**(c)** Net value of noncharitable-use assets	**(d)** Distribution ratio (column (b) divided by column (c))
2011	48,458.	2,037,661.	0.023781
2010		22,320.	
2009		2,367.	
2008		3,810.	
2007		5,133.	

2	**Total** of line 1, column (d)	**2**	0.023781
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**	0.004756
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5	**4**	2,688,298.
5	Multiply line 4 by line 3	**5**	12,786.
6	Enter 1% of net investment income (1% of Part I, line 27b)	**6**	842.
7	Add lines 5 and 6	**7**	13,628.
8	Enter qualifying distributions from Part XII, line 4	**8**	131,841.

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

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

1 a	Exempt operating foundations described in section 4940(d)(2), check here .. ► ☐ and enter 'N/A' on line 1. Date of ruling or determination letter: ________ **(attach copy of letter if necessary — see instrs)**			
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► ☒ and enter 1% of Part I, line 27b		1	842.
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, column (b)			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		2	0.
3	Add lines 1 and 2 .		3	842.
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)		4	0.
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0- .		5	842.
6	Credits/Payments:			
a	2012 estimated tax pmts and 2011 overpayment credited to 2012 .	6 a 980.		
b	Exempt foreign organizations — tax withheld at source	6 b		
c	Tax paid with application for extension of time to file (Form 8868)	6 c		
d	Backup withholding erroneously withheld	6 d		
7	Total credits and payments Add lines 6a through 6d		7	980.
8	Enter any **penalty** for underpayment of estimated tax Check here ☒ if Form 2220 is attached		8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ►		9	0.
10	**Overpayment** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ►		10	138.
11	Enter the amount of line 10 to be **Credited to 2013 estimated tax** ► 138. **Refunded** ►		11	0.

Part VII-A Statements Regarding Activities

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

Part VII-A Statements Regarding Activities *(continued)*

			Yes	No
11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If 'Yes', attach schedule (see instructions)	11		X
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If 'Yes,' attach statement (see instructions)	12		X
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	X	

Website address ► N/A

14 The books are in care of ► THOMAS W JONES Telephone no ► 520/886-5495

Located at ► 5920 E PIMA, SUITE 170 TUCSON AZ ZIP + 4 ► 85712

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** – Check here N/A ► ☐

and enter the amount of tax-exempt interest received or accrued during the year ► 15 N/A

			Yes	No
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		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

			Yes	No
	File Form 4720 if any item is checked in the 'Yes' column, unless an exception applies.			
1 a	During the year did the foundation (either directly or indirectly):			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☒ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? ☐ Yes ☒ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person? ☐ Yes ☒ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person? ☐ Yes ☒ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? ☐ Yes ☒ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check 'No' if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days) ☐ Yes ☒ 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)?	1 b	N/A	
	Organizations relying on a current notice regarding disaster assistance check here ► ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?	1 c		X
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):			
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012? ☐ Yes ☒ 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)	2 b	N/A	
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ► 20__ , 20__ , 20__ , 20__			
3 a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☒ No			
b	If 'Yes,' did it have excess business holdings in 2012 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.)*	3 b	N/A	
4 a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4 a		X
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?	4 b		X

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

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)? **5b** N/A

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? N/A ☐ 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? **6b** X (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? N/A **7b**

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

1 List all officers, directors, trustees, foundation managers and their compensation (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 7		0.	0.	0.

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

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

Total *number of other employees paid over $50,000* ► 0

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

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

(a) Name and address of each person paid more than $50,000	**(b)** Type of service	**(c)** Compensation
NONE		
Total number of others receiving over $50,000 for professional services ►		0

Part IX-A Summary of Direct Charitable Activities

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

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

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1 N/A	
2	
All other program-related investments. See instructions. 3	
Total. Add lines 1 through 3 ►	0.

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

1 Fair market value of assets not used (or held for use) directly in carrying out charitable, etc, purposes.				
a Average monthly fair market value of securities			1a	2,496,982.
b Average of monthly cash balances			1b	232,255.
c Fair market value of all other assets (see instructions)			1c	
d **Total** (add lines 1a, b, and c)			1d	2,729,237.
e Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.		
2 Acquisition indebtedness applicable to line 1 assets			2	0.
3 Subtract line 2 from line 1d			3	2,729,237.
4 Cash deemed held for charitable activities. Enter 1-1/2% of line 3 (for greater amount, see instructions)			4	40,939.
5 **Net value of noncharitable-use assets.** Subtract line 4 from line 3. Enter here and on Part V, line 4			5	2,688,298.
6 **Minimum investment return.** Enter 5% of line 5			6	134,415.

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	134,415.
2a Tax on investment income for 2012 from Part VI, line 5	2a	842.		
b Income tax for 2012. (This does not include the tax from Part VI)	2b			
c Add lines 2a and 2b			2c	842.
3 Distributable amount before adjustments Subtract line 2c from line 1			3	133,573.
4 Recoveries of amounts treated as qualifying distributions			4	
5 Add lines 3 and 4			5	133,573.
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	133,573.

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	131,841.
b Program-related investments — total from Part IX-B	1b	
2 Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc, purposes	2	
3 Amounts set aside for specific charitable projects that satisfy the.		
a Suitability test (prior IRS approval required)	3a	
b Cash distribution test (attach the required schedule)	3b	
4 **Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	131,841.
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	842.
6 **Adjusted qualifying distributions.** Subtract line 5 from line 4	6	130,999.

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				133,573.
2 Undistributed income, if any, as of the end of 2012:				
a Enter amount for 2011 only			45,964.	
b Total for prior years: 20 ___, 20 ___, 20 ___		0.		
3 Excess distributions carryover, if any, to 2012:				
a From 2007				
b From 2008				
c From 2009				
d From 2010				
e From 2011				
f **Total** of lines 3a through e	0.			
4 Qualifying distributions for 2012 from Part XII, line 4: ► $ 131,841.				
a Applied to 2011, but not more than line 2a			45,964.	
b Applied to undistributed income of prior years (Election required – see instructions)		0.		
c Treated as distributions out of corpus (Election required – see instructions)	0.			
d Applied to 2012 distributable amount				85,877.
e Remaining amount distributed out of corpus	0.			
5 Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*	0.			0.
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e. Subtract line 5	0.			
b Prior years' undistributed income Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b Taxable amount – see instructions		0.		
e Undistributed income for 2011. Subtract line 4a from line 2a Taxable amount – see instructions			0.	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				47,696.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)	0.			
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions)	0.			
9 **Excess distributions carryover to 2013.** Subtract lines 7 and 8 from line 6a	0.			
10 Analysis of line 9				
a Excess from 2008				
b Excess from 2009				
c Excess from 2010				
d Excess from 2011				
e Excess from 2012				

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

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

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

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

NONE

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

NONE

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

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

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

SEE STATEMENT 8

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

SEE STATEMENT FOR LINE 2A

c Any submission deadlines

SEE STATEMENT FOR LINE 2A

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

SEE STATEMENT FOR LINE 2A

Part XV Supplementary Information (continued)

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

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
Total			► 3a	
b *Approved for future payment*				
Total			► 3b	

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) 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					
4 Dividends and interest from securities			14	76,317.	
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					9,253.
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)				76,317.	9,253.

13 **Total.** Add line 12, columns (b), (d), and (e) 13 85,570.

(See worksheet in line 13 instructions to verify calculations)

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

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)
N/A	

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

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

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

(a) Line no.	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements
N/A			

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

b If 'Yes,' complete the following schedule.

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

Sign Here

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

Todd B. Ackerman 8/29/13 ▶ Vice President

Signature of officer or trustee Date Title

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
THOMAS W. JONES	Thomas W. Jones	8/1/2013		P01270228

Firm's name ▶ STEVENSON, JONES & HOLMAAS, P.C. Firm's EIN ▶ 86-0424851

Firm's address ▶ 5920 EAST PIMA STREET, SUITE 170
TUCSON, AZ 85712

Phone no (520) 886-5495

Portfolio Details

	Market Price	Shares	Market Value	Basis	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield	% of Assets
Equity Securities - Large Cap									
AMERICAN EXPRESS CO. COMMON STOCK. $.60PAR (AXP)	$74.760	230.00	$17,194.80	$12,901.67	$4,293.13		$211.60	1.2%	1.2%
AMGEN INC COMMON STOCK (AMGN)	98.660	275.00	27,131.50	18,481.47	8,650.03		517.00	1.9%	1.9%
APPLE INC COM STK (AAPL)	396.080	25.00	9,902.00	14,165.10	(4,263.10)		305.00	3.1%	0.7%
AUTOMATIC DATA PROCESSING INC COM (ADP)	68.860	90.00	6,197.40	4,933.80	1,263.60	39.15	156.60	2.5%	0.4%
BRISTOL MYERS SQUIBB CO COMMON STOCK (BMY)	44.690	400.00	17,876.00	13,536.00	4,340.00		560.00	3.1%	1.3%
CHEVRON CORP COM (CVX)	118.340	120.00	14,200.80	11,854.80	2,346.00		480.00	3.4%	1.0%
CISCO SYSTEMS INC COMMON STOCK (CSCO)	24.310	300.00	7,293.00	6,261.00	1,032.00		204.00	2.8%	0.5%
COCA COLA CO COM (KO)	40.110	340.00	13,637.40	12,403.20	1,234.20	95.20	380.80	2.8%	1.0%
COSTCO WHOLESALE CORP NEW COM (COST)	110.570	70.00	7,739.90	6,324.73	1,415.17		86.80	1.1%	0.5%
CVS CAREMARK CORP COM STK (CVS)	57.180	180.00	10,292.40	8,039.39	2,253.01		162.00	1.6%	0.7%
DANAHER CORP. COMMON STOCK $.01 PAR (DHR)	63.300	310.00	19,623.00	14,263.00	10,936.18	7.75	31.00	0.2%	1.4%
DU PONT E I DE NEMOURS & CO COM STK (DD)	52.500	120.00	6,300.00	5,566.00	1,396.80		216.00	3.4%	0.4%
EATON CORP PLC COM USD0.50 (ETN)	65.810	120.00	7,897.20	6,198.60	1,698.60		201.60	2.6%	0.6%
EMC CORP COM (EMC)	23.620	410.00	9,684.20	10,467.30	(783.10)	41.00	164.00	1.7%	0.7%
EMERSON ELECTRIC CO COM (EMR)	54.540	140.00	7,635.60	8,018.21	(382.61)		229.60	3.0%	0.5%

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Shares	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield	% of Assets
EXELON CORP COM (EXC)	30.880	220.00	6,793.60	6,945.40	(151.80)		272.80	4.0%	0.5%
EXPRESS SCRIPTS HLDG CO COM (ESRX)	61.690	170.00	10,487.30	9,436.80	1,050.50				0.7%
EXXON MOBIL CORP COM (XOM)	90.350	170.00	15,359.50	12,529.00	9,225.05		428.40	2.8%	1.1%
FRANKLIN RES INC. COMMON STOCK (BEN)	136.020	100.00	13,602.00	12,311.20	1,290.80	29.00	116.00	0.9%	1.0%
GENERAL ELECTRIC CO (GE)	23.190	490.00	11,363.10	9,579.35	1,783.75	93.10	372.40	3.3%	0.8%
GOOGLE INC CL A CL A (GOOG)	880.370	20.00	17,607.40	12,495.48	5,111.92				1.2%
HOME DEPOT INC., COMMON STOCK, $.05 PAR (HD)	77.470	100.00	7,747.00	4,947.00	2,800.00		156.00	2.0%	0.5%
INTEL CORP COM (INTC)	24.220	800.00	19,376.00	20,164.00	(788.00)		720.00	3.7%	1.4%
INTERNATIONAL BUSINESS MACHS CORP COM (IBM)	191.110	90.00	17,199.90	15,235.00	9,896.40		342.00	2.0%	1.2%
JPMORGAN CHASE & CO COM (JPM)	52.790	450.00	23,755.50	14,621.00	8,680.50		684.00	2.9%	1.7%
MC DONALDS CORP. COMMON STOCK, NO PAR (MCD)	99.000	190.00	18,810.00	16,874.00	8,247.90		585.20	3.1%	1.3%
MERCK & CO INC NEW COM (MRK)	46.450	260.00	12,077.00	11,525.30	551.70	111.80	447.20	3.7%	0.8%
MICROSOFT CORP COM (MSFT)	34.530	500.00	17,265.00	13,605.00	4,330.00		460.00	2.7%	1.2%
NATIONAL OILWELL VARCO COM STK (NOV)	68.900	150.00	10,335.00	10,876.28	(541.28)		156.00	1.5%	0.7%
NIKE INC CL B CL B (NKE)	63.680	160.00	10,188.80	8,702.40	1,486.40	33.60	134.40	1.3%	0.7%
NOBLE CORPORATION (SWITZERLAND) COM USD0.10 (NE)	37.580	200.00	7,516.00	7,430.00	86.00		104.00	1.4%	0.5%

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Shares	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield	% of Assets
NOBLE ENERGY INC COM (NBL)	60.040	200.00	12,008.00	9,431.00	2,577.00		112.00	0.9%	0.8%
NORFOLK SOUTHN CORP COM (NSC)	72.650	130.00	9,444.50	8,498.10	946.40		260.00	2.8%	0.7%
NUCOR CORP. COMMON STOCK, $.40 PAR (NUE)	43.320	100.00	4,332.00	4,113.00	219.00	36.75	147.00	3.4%	0.3%
ORACLE CORPORATION COM (ORCI)	30.720	330.00	10,137.60	9,576.00	3,521.10		158.40	1.6%	0.7%
PFIZER INC COM (PFE)	28.010	560.00	15,685.60	15,310.40	375.20		537.60	3.4%	1.1%
PROCTER & GAMBLE COM NPV (PG)	76.990	270.00	20,787.30	17,229.00	7,773.30		649.62	3.1%	1.5%
QUALCOMM INC COM (QCOM)	61.080	210.00	12,826.80	13,993.80	(1,167.00)		294.00	2.3%	0.9%
SCHLUMBERGER LTD COM COM (SLB)	71.660	200.00	14,332.00	13,589.36	742.64	62.50	250.00	1.7%	1.0%
SIMON PROPERTY GROUP INC COM (SPG)	157.920	40.00	6,316.80	5,882.00	434.80		184.00	2.9%	0.4%
SPECTRA ENERGY CORP COM STK (SE)	34.460	210.00	7,236.60	6,564.40	672.20		256.20	3.5%	0.5%
TARGET CORP COM STK (TGT)	68.860	180.00	12,394.80	9,233.00			309.60	2.5%	0.9%
UNITED TECHNOLOGIES CORP COM (UTX)	92.940	60.00	5,576.40	2,266.00	2,999.55		128.40	2.3%	0.4%
UNITEDHEALTH GROUP INC COM (UNH)	65.480	150.00	9,822.00	8,761.50	1,060.50		168.00	1.7%	0.7%
US BANCORP (USB)	36.150	400.00	14,460.00	9,556.00	6,904.00	92.00	368.00	2.5%	1.0%
V. F. CORP., COMMON STOCK, NO PAR (VFC)	193.060	80.00	15,444.80	10,846.40	4,598.40		278.40	1.8%	1.1%
VERIZON COMMUNICATIONS COM (VZ)	50 340	110 00	5,537.40	4,255.88	1,281.52		226.60	4.1%	0.4%
WELLS FARGO & CO NEW COM STK (WFC)	41.270	420.00	17,333.40	11,833.50	5,499.90		504.00	2.9%	1.2%
Total Large Cap			**$595,764.30**	501,630.82	**$126,928.26**	**$641.85**	**$13,716.22**	**2.3%**	**41.7%**

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Shares	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield	% of Assets
Equity Securities - Mid Cap									
AMERICAN WTR WKS CO INC NEW COM (AWK)	$41.230	100.00	$4,123.00	$3,413.70	$709.30		$112.00	2.7%	0.3%
INTERCONTINENTALEXCHANGE INC COM (ICE)	177.760	50.00	8,888.00	7,720.00	1,168.00				0.6%
MFB NORTHERN MULTI-MANAGER MID CAP FUND (NMMCX)	13.580	6,586.00	89,437.88	71,912.00	23,577.88		638.84	0.7%	6.3%
SPDR DOW JONES REIT ETF (RWR)	75.950	470.00	35,696.50	32,977.30	2,719.20	298.77	1,075.83	3.0%	2.5%
ST JUDE MED INC COM (STJ)	45.630	140.00	6,388.20	5,689.60	698.60	35.00	140.00	2.2%	0.4%
Total Mid Cap			**$144,533.58**	121,712.60	**$28,872.98**	**$333.77**	**$1,966.67**	**1.4%**	**10.1%**
Equity Securities - Small Cap									
MFC ISHARES TR CORE S&P SMALL-CAP ETF (IJR)	$90.290	930.00	$83,969.70	$65,743.75	$18,225.95	$249.04	$1,202.49	1.4%	5.9%
Total Small Cap			**$83,969.70**	**$65,743.75**	**$18,225.95**	**$249.04**	**$1,202.49**	**1.4%**	**5.9%**
Equity Securities - International Developed									
BHP BILLITON LTD SPONSORED ADR (BHP)	$57.660	100.00	$5,766.00	$6,383.00	($617.00)		$220.00	3.8%	0.4%
Total Australia - USD			**$5,766.00**	**$6,383.00**	**($617.00)**		**$220.00**	**3.8%**	**0.4%**
MFC ISHARES TR MSCI EAFE INDEX FD (EFA)	57.380	2,600.00	149,188.00	134,004.00	26,624.06	2,993.90	4,578.60	3.1%	10.4%
Total Europe, Australia, and Far East Region - USD			**$149,188.00**	134,004.00	**$26,624.06**	**$2,993.90**	**$4,578.60**	**3.1%**	**10.4%**
MFC SPDR INDEX SHS FDS DOW JONES INTL REAL ESTATE ETF (RWX)	39.900	1,220.00	48,678.00	44,984.70	3,693.30	679.57	3,279.36	6.7%	3.4%

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Shares	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield	% of Assets
MFC VANGUARD INTL EQUITY INDEX FDS VANGUARD FTSE ALL WORLD EX US ETF (VEU)	44.220	3,445.00	152,337.90	143,644.46	8,693.44		7,189.72	4.7%	10.7%
MFO HARRIS ASSOC INVT TR OAKMARK INTL SMALL CAP FD CL I (OAKEX)	14.990	3,612.91	54,157.52	49,338.00	4,819.52		758.71	1.4%	3.8%
Total International Region - USD			**$255,173.42**	**$237,967.16**	**$17,206.26**	**$679.57**	**$11,227.79**	**4.4%**	**17.9%**
Total International Developed			**$410,127.42**	378,354.16	**$43,213.32**	**$3,673.47**	**$16,026.39**	**3.9%**	**28.7%**
Equity Securities - International Emerging									
MFC ISHARES TR MSCI EMERGING MKTS INDEX FD (EEM)	$38.570	3,620.00	$139,623.40	141,899.00	$46,606.80	$1,783.17	$1,790.34	1.3%	9.8%
MFO DFA EMERGING MARKETS VALUE (DFEVX)	26.290	2,067.69	54,359.57	57,316.57	(2,957.00)		1,236.48	2.3%	3.8%
Total Emerging Markets Region - USD			**$193,982.97**	199,215.57	**$43,649.80**	**$1,783.17**	**$3,026.81**	**1.6%**	**13.6%**
Total International Emerging			**$193,982.97**	199,215.57	**$43,649.80**	**$1,783.17**	**$3,026.81**	**1.6%**	**13.6%**
Total Equity Securities			**$1,428,377.97**	1,266,656.90	**$260,890.31**	**$6,681.30**	**$35,938.58**	**2.5%**	**100.0%**

	Market Price	Par Value/ Rating	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield/ YTM	% of Assets
Fixed Income Securities - Corporate/ Government									
2014 MICROSOFT CORP 2.95% DUE 06-01-2014 REG	$102.417	50,000.00 Aaa	$51,208.25	$50,622.00	$586.25	$122.91	$1,475.00	2.9% 0.3%	5.0%

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Par Value/ Rating	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield/ YTM	% of Assets
2015									
COCA COLA CO 1.5% DUE 11-15-2015/11-15-2010 REG	102.012	50,000.00 Aa3	51,005.75	51,236.50	(230.75)	95.83	750.00	1.5% 0.6%	5.0%
2017									
DEERE JOHN CAP CORP MEDIUM TERM NTS-BOOKTRANCHE # TR 00371 2.0% DUE 01-13-2017 (MTN1)	101.151	50,000.00 A2	50,575.50	51,365.50	(790.00)	466.66	1,000.00	2.0% 1.7%	4.9%
OCCIDENTAL PETE CORP 1.75% DUE 02-15-2017 REG	99.920	50,000.00 A1	49,960.15	50,797.00	(836.85)	330.55	875.00	1.8% 1.8%	4.9%
2020									
JPMORGAN CHASE & CO 4.4% DUE 07-22-2020 REG	104.573	50,000.00 A2	52,286.35	50,215.00	2,071.35	971.66	2,200.00	4.2% 3.7%	5.1%
2021									
COLGATE-PALMOLIVE CO MEDIUM TERM NTS BOOK TRANCHE # TR 00095 2.45% DUE 11-15-2021 (MTN1)	96.834	50,000.00 Aa3	48,417.15	50,404 50	(1,987.35)	156.52	1,225.00	2.5% 2.9%	4.7%
2022									
TARGET CORP 2.9% DUE 01-15-2022 REG	97.861	50,000.00 A2	48,930.35	50,185.50	(1,255.15)	668.61	1,450.00	3.0% 3.2%	4.8%
TOYOTA MTR CR CORP MEDIUM TERM NTS BOOK ENTRY TRANCHE # TR 00858 3.3% DUE 01-12-2022 (MTN1)	99.278	50,000.00 Aa3	49,638.80	50,334.50	(695.70)	774.58	1,650.00	3.3% 3.4%	4.9%
Funds									
ISHARES CORE TOTAL BD MKT FD (AGG)	107.200	1,370.00	146,864.00	151,298.83	(4,434.83)		3,619.54	2.5%	14.4%
MFC ISHARES IBOXX INVT GRADE GROUP BOND FUND (LQD)	113.650	1,580.00	179,567.00	179,418.30	148.70		7,091.04	3.9%	17.6%

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Par Value/ Rating	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield/ YTM	% of Assets
MFC ISHARES INTERMEDIATE CREDIT (CIU)	107.750	370.00	39,867.50	40,614.90	(747.40)		1,207.31	3.0%	3.9%
MFC ISHARES TR BARCLAYS 1-3 YR CR BD FD (CSJ)	105.030	280.00	29,408.40	29,506.40	(98.00)		421.12	1.4%	2.9%
MFO VANGUARD INFLATION PROTECTED SECURITIES FUND ADMIRAL (VAIPX)	26.220	2,370.76	62,161.32	65,686.69	(3,525.37)		1,571.81	2.5%	6.1%
Total Corporate/ Government			**$859,890.52**	**$871,685.62**	**($11,795.10)**	**$3,587.32**	**$24,535.82**	**2.9%**	**84.1%**
Fixed Income Securities - International Developed									
2016 BHP BILLITON FIN USA LTD 1.875% DUE 11-21-2016 REG	$101.450	50,000.00 A1	$50,724.90	$50,954.00	($229.10)	$104.16	$937.50	1.8% 1.4%	5.0%
Total Australia - USD			**$50,724.90**	**$50,954.00**	**($229.10)**	**$104.16**	**$937.50**	**1.8%**	**5.0%**
Total International Developed			**$50,724.90**	**$50,954.00**	**($229.10)**	**$104.16**	**$937.50**	**1.8%**	**5.0%**
Fixed Income Securities - Other Bonds									
Funds MFC FLEXSHARES TR IBOXX 3 YR TARGET DURATION TIPS INDEX FD TR IBOXX 3 YR TARGET DURATION TIPS INDEX FD (TDTT)	$24.830	800.00	$19,864.00	$20,080.00	($216.00)		$460.00	2.3%	1.9%
MFC ISHARES TR IBOXX $ HIGH YIELD CORP BD FD (HYG)	90.860	1,010.00	91,768.60	92,843.74	(1,075.14)		6,020.61	6.6%	9.0%
Total Other Bonds			**$111,632.60**	**$112,923.74**	**($1,291.14)**		**$6,480.61**	**5.8%**	**10.9%**
Total Fixed Income Securities			**$1,022,248.02**	**$1,035,563.36**	**($13,315.34)**	**$3,691.48**	**$31,953.93**	**3.1%**	**100.0%**

Continued on next page.

Portfolio Details *(continued)*

	Market Price	Units	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield	% of Assets
Commodities - Commodities									
MFC FLEXSHARES TR MORNINGSTAR GLOBAL UPSTREAM NAT RES INDEX FD (GUNR)	$31.560	530.00	$16,726.80	$18,416.35	($1,689.55)		$195.04	1.2%	56.3%
Total Global Region - USD			**$16,726.80**	**$18,416.35**	**($1,689.55)**		**$195.04**	**1.2%**	**56.3%**
Funds MFO PIMCO FDS PAC INVT MGMT SER COMMODITY REALRETURN STRATEGY FD INSTL (PCRIX)	5.530	2,344.03	12,962.48	15,431.97	(2,469.49)		342.23	2.6%	43 7%
Total Commodities			**$29,689.28**	**$33,848.32**	**($4,159.04)**		**$537.27**	**1.8%**	**100.0%**
Total Commodities			**$29,689.28**	**$33,848.32**	**($4,159.04)**		**$537.27**	**1.8%**	**100.0%**

	Market Price		Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield/ YTM	% of Assets
Cash and Short Term Investments - Cash									
Available cash balances are invested daily in MFB NORTHERN FUNDS MONEY MKT FD MONEY MARKET FUND.									
PRINCIPAL CASH	$1.000	71,259.47	$71,259.47	$71,259.47	$0.00				
INCOME CASH	1.000	108,589.65	108,589.65	108,589.65	0.00				
Total Cash			**$179,849.12**	**$179,849.12**	**$0.00**	**$1.41**	**$17.98**	**0.0%**	
Total Cash and Short Term Investments			**$179,849.12**	**$179,849.12**	**$0.00**	**$1.41**	**$17.98**	**0.0%**	

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Portfolio Details *(continued)*

	Market Price	Market Value	BASIS	Unrealized Gain/(Loss)	Accrual	Estimated Annual Income	Yield/ YTM	% of Assets
Total Portfolio		$2,660,164.39	2,515,917.70	$243,415.93	$10,374.19	$68,447.77	2.6%	
Total Accrual		$10,374.19						
Total Value		$2,670,538.58						

* Complete cost information not available