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Form 990-PF

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

or Section 4947(a)(1) Trust Treated as Private Foundation

▶ **Do not enter Social Security numbers on this form as it may be made public. By law, the IRS cannot redact the information on the form.**

▶ **Information about Form 990-PF and its instructions is at *www.irs.gov/form990pf*.**

OMB No 1545-0052

2013

Open to Public Inspection

For calendar year 2013, or tax year beginning 01-01-2013 , and ending 12-31-2013

Name of foundation
THE FAIRHOLME FOUNDATION

% BRUCE R BERKOWITZ

A Employer identification number
01-0718240

Number and street (or P O box number if mail is not delivered to street address)
14 TAHITI BEACH ISLAND ROAD C/O B
Suite

Room/suite

B Telephone number (see instructions)
(305) 667-5437

City or town, state or province, country, and ZIP or foreign postal code
CORAL GABLES, FL 33143

C If exemption application is pending, check here ▶ ☐

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

D 1. Foreign organizations, check here ▶ ☐
2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

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

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

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)*▶$ 170,939,404

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

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

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))*

	Line	Description	(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)	51,014,473			
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	724	724		
	4	Dividends and interest from securities	415,374	415,374		
	5a	Gross rents				
	b	Net rental income or (loss)				
	6a	Net gain or (loss) from sale of assets not on line 10	14,237,405			
	b	Gross sales price for all assets on line 6a 16,595,990				
	7	Capital gain net income (from Part IV, line 2)		14,085,316		
	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	65,667,976	14,501,414		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule)	105,160	0	0	0
	b	Accounting fees (attach schedule)	7,500	0	0	0
	c	Other professional fees (attach schedule)				
	17	Interest	109	109		
	18	Taxes (attach schedule) (see instructions)	38,257	2		
	19	Depreciation (attach schedule) and depletion				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications				
	23	Other expenses (attach schedule)	5,254	2,730		2,524
	24	**Total operating and administrative expenses.** Add lines 13 through 23	156,280	2,841	0	2,524
	25	Contributions, gifts, grants paid	35,493,865			5,493,865
	26	**Total expenses and disbursements.** Add lines 24 and 25	35,650,145	2,841	0	5,496,389
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	30,017,831			
	b	**Net investment income** (if negative, enter -0-)		14,498,573		
	c	**Adjusted net income** (if negative, enter -0-)				

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	626,229	10,963,688	10,963,688
	2 Savings and temporary cash investments			
	3 Accounts receivable ▶			
	Less allowance for doubtful accounts ▶			
	4 Pledges receivable ▶			
	Less allowance for doubtful accounts ▶			
	5 Grants receivable			
	6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions)			
	7 Other notes and loans receivable (attach schedule) ▶			
	Less allowance for doubtful accounts ▶			
	8 Inventories for sale or use			
	9 Prepaid expenses and deferred charges			
	10a Investments—U S and state government obligations (attach schedule)			
	b Investments—corporate stock (attach schedule)	145,385,625	184,888,529	149,398,248
	c Investments—corporate bonds (attach schedule)			
	11 Investments—land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
	12 Investments—mortgage loans			
	13 Investments—other (attach schedule)	400,000	2,652,468	2,652,468
	14 Land, buildings, and equipment basis ▶			
	Less accumulated depreciation (attach schedule) ▶			
	15 Other assets (describe ▶)		7,925,000	7,925,000
	16 **Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	146,411,854	206,429,685	170,939,404
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 ▶)		30,000,000	
	23 **Total liabilities** (add lines 17 through 22)		30,000,000	
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			
	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, bldg , and equipment fund			
	29 Retained earnings, accumulated income, endowment, or other funds	146,411,854	176,429,685	
	30 **Total net assets or fund balances** (see page 17 of the instructions)	146,411,854	176,429,685	
	31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	146,411,854	206,429,685	

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	146,411,854
2	Enter amount from Part I, line 27a	2	30,017,831
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	176,429,685
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	176,429,685

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	CRIMESON WINE GROUP, LTD	P		
b	SEARS CANADA INC	P		
c	FAIRHOLME FOCUSED INCOME FUND, FOCIX	P		
d	CAPITAL GAIN DIVIDENDS	P		
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	107,210		98,091	9,119
b	76,099		93,602	-17,503
c	2,401,909		2,318,981	82,928
d				14,008,491
e				

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

	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	(l) Gains (Col (h) gain minus col (k), but not less than -0-) **or** Losses (from col (h))
a				9,119
b				-17,503
c				82,928
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	14,085,316
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	-6,103

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

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

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

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2012	5,052,873	135,118,128	0 037396
2011	4,704,957	103,713,258	0 045365
2010	8,986,375	59,438,484	0 151188
2009	1,312,878	49,116,177	0 02673
2008	1,073,000	17,140,835	0 062599

2	**Total** of line 1, column (d).	2	0 323278
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 064656
4	Enter the net value of noncharitable-use assets for 2013 from Part X, line 5.	4	171,409,071
5	Multiply line 4 by line 3.	5	11,082,625
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	144,986
7	Add lines 5 and 6.	7	11,227,611
8	Enter qualifying distributions from Part XII, line 4.	8	35,596,389

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 page 18 of the instructions)**

1a	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 instructions)**				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☑ and enter 1% of Part I, line 27b			1	144,986
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)				
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			2	
3	Add lines 1 and 2			3	144,986
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	144,986
6	Credits/Payments				
a	2013 estimated tax payments and 2012 overpayment credited to 2013	6a	49,890		
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c	125,000		
d	Backup withholding erroneously withheld	6d			
7	Total credits and payments Add lines 6a through 6d			7	174,890
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	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	29,904
11	Enter the amount of line 10 to be **Credited to 2014 estimated tax** ▶ 29,904 **Refunded** ▶			11	

Part VII-A **Statements Regarding Activities**

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		No
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		No
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ________ **(2)** On foundation managers ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ________			
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		No
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		No
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		No
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either ● By language in the governing instrument, or ● By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col. (c), and Part XV.*	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶FL			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	8b	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2013 or the taxable year beginning in 2013 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses.*	10		No

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

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

Website address ▶N/A

14 The books are in care of ▶BRUCE R BERKOWITZ Telephone no ▶(305) 667-5437

Located at ▶14 TAHITI BEACH ISLAND ROAD CORAL GABLES FL ZIP+4 ▶33143

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** —Check here ▶ ☐
and enter the amount of tax-exempt interest received or accrued during the year ▶ | 15 |

			Yes	No
16	At any time during calendar year 2013, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		No
	See instructions for exceptions and filing requirements for Form TD F 90-22 1 If "Yes", enter the name of the foreign country ▶			

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

			Yes	No
	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.			
1a	During the year did the foundation (either directly or indirectly)			
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person? ☐ Yes ☑ 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 page 20 of the instructions)?	1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐			
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2013?	1c		No
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))			
a	At the end of tax year 2013, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2013? ☐ 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)	2b		No
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20____ , 20____ , 20____ , 20____			
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? ☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2013 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 2013.)*	3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	4a		No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2013?	4b		No

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

5a	During the year did the foundation pay or incur any amount to			
	(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ 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**		
	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?	**6b**		No
	If "Yes" to 6b, file Form 8870.			
7a	At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No			
b	If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?	**7b**		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
BRUCE BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	TRUSTEE 0	0		
TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	TRUSTEE 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
Total number of other employees paid over $50,000 ▶				

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

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

(a) Name and address of each person paid more than $50,000	(b) Type of service	(c) Compensation
Total number of others receiving over $50,000 for professional services. . . . . ▶		

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 CHARITABLE EVENT	2,524
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 LOW INTEREST LOAN FOR THE PRODUCTION OF A DOCUMENTARY FILM TO PROMOTE THE EDUCATION OF THE ART OF DIRECTING FOR FUTURE GENERATIONS	100,000
2	
All other program-related investments See page 24 of the instructions	
3	
Total. Add lines 1 through 3 . . . . ▶	100,000

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	171,413,253
b	Average of monthly cash balances	1b	1,453,640
c	Fair market value of all other assets (see instructions)	1c	1,152,468
d	**Total** (add lines 1a, b, and c)	1d	174,019,361
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	174,019,361
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	2,610,290
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	171,409,071
6	**Minimum investment return.** Enter 5% of line 5	6	8,570,454

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	8,570,454
2a	Tax on investment income for 2013 from Part VI, line 5	2a	144,986		
b	Income tax for 2013 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	144,986
3	Distributable amount before adjustments Subtract line 2c from line 1			3	8,425,468
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	8,425,468
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	8,425,468

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	5,496,389
b	Program-related investments—total from Part IX-B	1b	100,000
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	0
b	Cash distribution test (attach the required schedule)	3b	30,000,000
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	35,596,389
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	144,986
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	35,451,403

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 2012	(c) 2012	(d) 2013
1 Distributable amount for 2013 from Part XI, line 7				8,425,468
2 Undistributed income, if any, as of the end of 2013				
a Enter amount for 2012 only.			0	
b Total for prior years 2011 , 2010 , 2009		0		
3 Excess distributions carryover, if any, to 2013				
a From 2008.				
b From 2009.				
c From 2010. 3,316,317				
d From 2011.				
e From 2012.				
f **Total** of lines 3a through e.	3,316,317			
4 Qualifying distributions for 2013 from Part XII, line 4 ▶ $ 35,596,389				
a Applied to 2012, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2013 distributable amount.				8,425,468
e Remaining amount distributed out of corpus	27,170,921			
5 Excess distributions carryover applied to 2013 *(If an amount appears in column (d), the same amount must be shown in column (a).)*				
6 **Enter the net total of each column as indicated below:**				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	30,487,238			
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.				
d Subtract line 6c from line 6b Taxable amount —see instructions		0		
e Undistributed income for 2012 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2013 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2014				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2008 not applied on line 5 or line 7 (see instructions) . . .				
9 **Excess distributions carryover to 2014.** Subtract lines 7 and 8 from line 6a	30,487,238			
10 Analysis of line 9				
a Excess from 2009. . . .				
b Excess from 2010. . . . 3,316,317				
c Excess from 2011. . . .				
d Excess from 2012. . . .				
e Excess from 2013. . . . 27,170,921				

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

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2013, enter the date of the ruling. . . . . . . ▶

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

	Tax year	Prior 3 years			(e) Total
	(a) 2013	**(b)** 2012	**(c)** 2011	**(d)** 2010	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon **a** "Assets" alternative test—enter **(1)** Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

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

1 **Information Regarding Foundation Managers:**

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

BRUCE BERKOWITZ TRUSTEE

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

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

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

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

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

c Any submission deadlines

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

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* See Additional Data Table				
Total . . . . ▶ **3a**				35,493,865
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			14	724	
4 Dividends and interest from securities. . . .			14	415,374	
5 Net rental income or (loss) from real estate					
a Debt-financed property.					
b Not debt-financed property.					
6 Net rental income or (loss) from personal property					
7 Other investment income.					
8 Gain or (loss) from sales of assets other than inventory			18	14,085,316	
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). .				14,501,414	

13 Total. Add line 12, columns (b), (d), and (e). **13** 14,501,414

(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)

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.	1a(1)		No
(2) Other assets.	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization.	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization.	1b(2)		No
(3) Rental of facilities, equipment, or other assets.	1b(3)		No
(4) Reimbursement arrangements.	1b(4)		No
(5) Loans or loan guarantees.	1b(5)		No
(6) Performance of services or membership or fundraising solicitations.	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees.	1c		No

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

(a) Line No	(b) Amount involved	(c) Name of noncharitable exempt organization	(d) Description of transfers, transactions, and sharing arrangements

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

b If "Yes," complete the following schedule

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

Sign Here

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

******	2014-11-15	******
Signature of officer or trustee	Date	Title

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

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
Michael Oates				P00185106

Firm's name	KPMG LLP	Firm's EIN
Firm's address	4 Becker Farm Road Roseland, NJ 070681785	Phone no (305) 358-3000

Form 990PF Part XV Line 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*				
CENTER FOR JEWISH HISTORY 15 WEST 16TH STREET NEW YORK, NY 10011	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	175,000
MIAMI ART MUSEUM 101 W Flagler St Miami, FL 33130	NONE	IRS SEC 501 (C)(3)	GENERAL PURPOSE	10,115
GULLIVER SCHOOLS INC 6575 N Kendall Drive Pinecrest, FL 33156	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	200,000
NEW WORLD SYMPHONY 541 LINCOLN ROAD MIAMI BEACH, FL 33139	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	225,000
BIG BROTHERS BIG SISTERS OF GREATER MIAMI 701 SW 27th AVE SUITE 800 MIAMI, FL 33135	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
TEMPLE BETH AM 5950 N KENDALL DRIVE PINECREST, FL 331562068	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
CAMILLUS HOUSE 336 NW Fifth Street Miami, FL 33128	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
CHABAD CENTER OF KENDALL 8700 SW 112 Street MIAMI, FL 33176	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	120,000
MIAMI CHILDREN'S HOSPITAL 3000 SW 62ND AVENUE MIAMI, FL 33155	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
ST PHILLIPS EPISCOPAL SCHOOL 1142 CORAL WAY CORAL GABLES, FL 33134	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	8,000
UNITED WAY OF MIAMI-DADE THE ANSIN BUILDING 3250 SOUTHWEST THIRD AVE MIAMI, FL 33129	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	20,000
UNIVERSITY OF MIAMI PO BOX 248073 CORAL GABLES, FL 33124	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	3,300,300
NATIONAL FOUNDATION FOR ADVANCEMENT IN ARTS 777 BRICKELL AVENUE SUITE 370 MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	30,000
THE WOMEN OF TOMORROW MENTOR & SCHOLARSHIP 22 E FLAGLER ST 6TH FL MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	35,000
UNIVERSITY OF MIAMI EXECUTIVE MEDICINE 1150 NW 14TH ST SUITE 130 MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
Total . . . . ▶ **3a**				35,493,865

Form 990PF Part XV Line 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*				
TEMPLE JUDEA 5500 GRANADA BOULEVARD CORAL GABLES, FL 33156	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
BREAKTHROUGH MIAMI 14850 SW 26TH STREET MIAMI, FL 33185	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
MAKE-A-WISH FOUNDATION 4491 SOTH STATE ROAD 7 SUITE 201 FTLAUDERDALE, FL 33314	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	10,000
UM MILLER SCHOOL OF MEDICINE 1600 NW 10TH AVENUE MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	50,000
MULTIPLE SCIEROSIS SOCIETY 3201 WEST COMMERCIAL BOULEVARD FT LAUDEDALE, FL 33309	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	250
THE RETREAT 13 GOODFRIEND DRIVE EAST HAMPTON, NY 11937	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
DRESS FOR SUCCESS MIAMI 250 NW 9TH STREET MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
OPPORTUNITY PROJECT INC 60 EAST WILLOW STREET MILBURN, NJ 07041	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	2,000
PARRISH ART MUSEUM 279 MONTAUK HIGHWAY WATER MILL, NY 11976	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	15,000
TELLURIDE FILM FESTIVAL 800 JONES STREET BERKELEY, CA 94710	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	42,000
THE SALVATION ARMY PO BOX 330607 MIAMI, FL 33233	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100
UNIVERSITY OF MASS 181 PRESIDENTS DRIVE AMHERST, MA 01003	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
MAST PTSA 3979 RICKENBACKER CAUSEWAY MIAMI, FL 33149	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	500
MCCJ 150 SE 2ND AVENUE STE 914 MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
NBCRC PO BOX 96676 WASHINGTON, DC 20090	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100
Total . . . . ▶ **3a**				35,493,865

Form 990PF Part XV Line 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*				
AJC JACOB BLAUSTEIN BLDG 165 EAST 56 ST STE 623 NEW YORK, NY 100222746	NONE	PC	GENERAL PURPOSE	25,000
CORAL GABLES MUSEUM 285 ARAGON AVE CORAL GABLES, FL 33134	NONE	PC	GENERAL PURPOSE	1,000
DIABETES RESEARCH 200 SOUTH PARK RD SUITE 100 HOLLYWOOD, FL 33021	NONE	PC	GENERAL PURPOSE	1,000
FAMILY CONNECTIONS 7 GLENWOOD AVE STE 101 EAST ORAGE, NJ 07017	NONE	PC	GENERAL PURPOSE	20,000
FRIENDS OF NCCC THE PROUTY OFFICE ONE MEDICAL CENTE LEBANON, NH 03756	NONE	PC	GENERAL PURPOSE	10,000
GREATER MIAMI CHAMBER 1601 BISCAYNE BLVD MIAMI, FL 33132	NONE	PC	GENERAL PURPOSE	25,000
HABITAT FOR HUMANITY 121 HABITAT ST AMERICUS, GA 317093498	NONE	PC	GENERAL PURPOSE	100
HEALTH & HUMANITARIAN AID PO BOX 20258 NEW YORK, NY 10001	NONE	PC	GENERAL PURPOSE	5,000
JESPY HOUSE 102 PROSPECT STREET SOUTH ORANGE, NJ 07079	NONE	PC	GENERAL PURPOSE	250
JOHNSON & WALES UNIVERSITY ATTN MR PETER J ROAD 1701 NE 127 STREET NORTH MIAMI, FL 33181	NONE	PC	GENERAL PURPOSE	5,000
JOSLYN ART MUSEUM MR TOBY JUROVICS 2200 DODGE STREET OMAHA, NE 68102	NONE	PC	GENERAL PURPOSE	1,000
LALELA PROJECT 5 HANOVER SQUARE SUITE 2103 NEW YORK, NY 10004	NONE	PC	GENERAL PURPOSE	250
LEUKEMIA & LYMPHOMA SOCIETY 200 S PARK ROAD SUITE 140 HOLLYWOOD, FL 33021	NONE	PC	GENERAL PURPOSE	250
LOTUS HOUSE WOMENS SHELTER SUNDARI FOUNDATION 1514 NW 2ND AVENUE MIAMI, FL 33136	NONE	PC	GENERAL PURPOSE	30,000
MARCH OF DIMES PO BOX 407090 FORT LAUDERDALE, FL 333409962	NONE	PC	GENERAL PURPOSE	5,000
Total . . . . ▶ **3a**				35,493,865

Form 990PF Part XV Line 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*				
MDA 425 MADISON AVENUE SUITE 1600 NEW YORK, NY 10017	NONE	PC	GENERAL PURPOSE	5,000
SOLOMON GUGGENHEIM FOUNDATION 1071 FIFTH AVENUE NEW YORK, NY 10128	NONE	PC	GENERAL PURPOSE	550,000
SPECIAL OLYMPICS FLORIDA 155 SOUTH MIAMI AVENUE SUITE 200 MIAMI, FL 33130	NONE	PC	GENERAL PURPOSE	15,750
ST JUDES CHILDREN'S HOSPITAL PO BOX 50 MEMPHIS, TN 381019929	NONE	PC	GENERAL PURPOSE	300
THE NATIONAL YIDDISH THEATRE 135 WEST 29 STREET SUITE 504 NEW YORK, NY 10001	NONE	PC	GENERAL PURPOSE	25,000
UNIVERSITY OF MIAMI SCHOOL OF NURSING 5030 BRUNSON DRIVE CORAL GABLES, FL 33146	NONE	PC	GENERAL PURPOSE	100
UNICEF 5030 BRUNSON DRIVE CORAL GABLES, FL 33146	NONE	PC	GENERAL PURPOSE	450
WNET NY PUBLIC MEDIA MS ALLISON FOX 825 EIGHTH AVENUE NEW YORK, NY 100197435	NONE	PC	GENERAL PURPOSE	25,000
WOLFSONIAN MUSEUM 1001 WASHINGTON AVENUE MIAMI BEACH, FL 33139	NONE	PC	GENERAL PURPOSE	1,000
COCONUT GROVE CARES INC 3870 WASHINGTON AVENUE COCONUT GROVE, FL 33133	NONE	PC	GENERAL PURPOSE	125
FRIENDS OF THE BASS MUSEUM 2100 COLLINS AVENUE MIAMI BEACH, FL 33139	NONE	PC	GENERAL PURPOSE	2,250
THE TEEN LEADERSHIP 717 ST JOSEPH DRIVE STREET JOSEPH, MI 49085	NONE	PC	GENERAL PURPOSE	1,500
UM HURRICANE CLUB 5821 SAN AMARO DRIVE CORAL GABLES, FL 33146	NONE	PC	GENERAL PURPOSE	125
UNIVERSITY OF PENN 433 FRANKLIN BUILDING 3451 WALNUT ST PHILADELPHIA, PA 191046205	NONE	PC	GENERAL PURPOSE	50
THE FAIRHOLME UNLIMITED FOUNDATION INC 4400 BISCAYNE BLVD SUITE 900 MIAMI, FL 33137	NONE	PC	GENERAL PURPOSE	30,000,000
Total . . . . ▶ **3a**				35,493,865

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

Schedule of Contributors

▶ Attach to Form 990, 990-EZ, or 990-PF.
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Name of the organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

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 for 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 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 its Form 990PF, Part I, line 2, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

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	FAIRHOLME CAPITAL MANAGEMENT LLC 4400 BISCAYNE BLVD 9TH FL MIAMI, FL 33137	$ 8,225,000	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)
2	BRUCE TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	$ 21,315,675	Person ☐ Payroll ☐ Noncash ☑ (Complete Part II for noncash contributions)
3	BRUCE TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	$ 20,129,546	Person ☐ Payroll ☐ Noncash ☑ (Complete Part II for noncash contributions)
4	BRUCE TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	$ 1,000,000	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)
5	ALEX BERKOWITZ 8021 OLD CUTLER ROAD CORAL GABLES, FL 33143	$ 344,252	Person ☐ Payroll ☐ Noncash ☑ (Complete Part II for noncash contributions)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions)

Name of organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

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

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

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

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

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

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

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

Name of organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

Part III ***Exclusively*** **religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year.** Complete columns **(a)** through **(e) and** the following line entry
For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc , contributions of **$1,000 or less** for the year (Enter this information once See instructions) ▶ $
Use duplicate copies of Part III if additional space is needed

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift

Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

TY 2013 Accounting Fees Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	7,500			

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

TY 2013 Depreciation Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

TY 2013 Investments Corporate Stock Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Name of Stock	End of Year Book Value	End of Year Fair Market Value
FIDELITY STOCKS	44,331,740	44,331,740
FAIRHOLME FUND	127,707,466	89,438,649
FAIRHOLME FOCUSED INCOME FUND	8,320,686	9,075,126
FAIRHOLME ALLOCATION FUND	4,528,637	6,552,733

TY 2013 Investments - Land Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

TY 2013 Investments - Other Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
THE FAIRHOLME PARTNERSHIP LP	AT COST	2,552,468	2,552,468
PROGRAM RELATED INVESTMENTS	AT COST	100,000	100,000

TY 2013 Land, Etc. Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

TY 2013 Legal Fees Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
LEGAL FEES	105,160			

TY 2013 Other Assets Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Description	Beginning of Year - Book Value	End of Year - Book Value	End of Year - Fair Market Value
INSTALLMENT DEPOSIT - ART WORK		7,925,000	7,925,000

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TY 2013 Other Expenses Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
CHARITABLE EVENT	2,524			2,524
PORTFOLIO DEDUCTIONS (2%)	2,730	2,730		

TY 2013 Other Liabilities Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Description	Beginning of Year - Book Value	End of Year - Book Value
OBLIGATIONS PAYABLE		30,000,000

TY 2013 Taxes Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES PAID	2	2		
FEDERAL INCOME TAXES PAID	38,255			

The Fairholme Foundation
Form 990-PF
01-0718240

PART XII Line 3b
Amounts set aside for specific charitable projects that satisfy the cash distribution test

The Fairholme Foundation by the "Action of Trustees" (see attached) has approved the request for support from the Fairholme Unlimited Foundation, Inc. to promote the advancement and appreciation of fine arts for the public benefit and, for this purpose, to establish and maintain facilities for the exhibition of works of art The Fairholme Unlimited Foundation, Inc. is seeking to establish a collection of contemporary art in furtherance of its exempt purpose. The collection will be exhibited in the Fairholme Unlimited Foundations' planned exhibition space and works from the collection will be loaned from time to time to museums, universities and other organizations exempt under Section 501(c)(3) of the Internal Revenue Code. Fairholme Unlimited Foundation, Inc is a Florida not-for-profit corporation established on July 23, 2103 which has been determined to be an organization exempt from Federal income tax under Section 501(c)(3) of the Code and likely to qualify as a private operating foundation under section 4942(j)(3) of the Code.
The trustees have agreed to set aside an amount of $30,000,000 as evidenced by the entry on the books and records of The Fairholme Foundation as an obligation to be paid at a future date or dates, in accordance with Treasury Regulation Section 53.4942(a)-3(b)(8).

The Fairholme Foundation will purchase art work over the next 2-3 years for The Fairholme Unlimited Foundation, Inc. to loan to other museums and in the preparation of the exhibition space planned opening for the first quarter of 2018. It is anticipated that the amount set aside will actually be paid for the project described above within 60 months after the date of the set aside

The project will not be complete before the end of the tax year in which the set-aside is made.

Attached please find the statements "Start-Up Period Minimum Amount" and "Full-Payment Period Minimum Amount" showing the distributable amounts for past years and the total amount of actual payments in cash for exempt purposes during each tax year in The Fairholme Foundation's start-up (2003 -2006) and full-payment periods (2007 -2012).

THE FAIRHOLME FOUNDATION

Action of Trustees

WHEREAS:

(A) The above-named foundation (the "Foundation") was created by an irrevocable trust agreement dated June 7, 2002 between Bruce R. Berkowitz, as settlor, and Bruce R. Berkowitz and Tracey P. Berkowitz, as trustees.

(B) By instrument dated July 17, 2007, the trustees changed the name of the Foundation from Bruce and Tracey Berkowitz Foundation to The Fairholme Foundation.

(C) By instrument dated September 9, 2007, the trustees changed the situs of the Trust to Florida and provided, among other things, that the Trust is subject to the laws of Florida and will be administered in accordance with the laws of that State.

(D) By instrument dated December 18, 2012, the trust agreement was further amended. The trust agreement as so amended is identified in this instrument as the agreement.

(E) Bruce R. Berkowitz and Tracey P. Berkowitz are the Founding Trustees of the Foundation and are currently acting as trustees (the "trustees") of the trust under the agreement.

(F) The trustees have received a request for support from The Fairholme Unlimited Foundation, Inc., a Florida not-for-profit corporation (the "Unlimited Foundation"), organized and operated exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

(G) The Board of Directors of the Unlimited Foundation has advised the trustees that the Unlimited Foundation is in the process of applying for exempt status under Section 501(c)(3) of the Code.

(H) The purpose of the Unlimited Foundation is to promote the advancement and appreciation of fine arts for the public benefit and, for this purpose, to establish and maintain facilities for the exhibition of works of art.

(I) The Board of Directors of the Unlimited Foundation has advised the trustees that the Unlimited Foundation is seeking to establish a collection of contemporary art in furtherance of its exempt purposes. The collection will be exhibited in the Unlimited Foundation's planned exhibition space in Miami, Florida, and works from the collection will be loaned from time to time to museums, universities and other organizations exempt under Section 501(c)(3) of the Code.

(J) The Unlimited Foundation seeks the support of the Foundation in establishing its collection of contemporary art in furtherance of its exempt purposes.

(K) The Foundation desires to provide support to the Unlimited Foundation in establishing its collection of contemporary art by, among other things, setting aside funds which the Foundation will use to purchase artwork to be contributed to the Unlimited Foundation for its exempt purposes, including for exhibition in the Unlimited Foundation's planned exhibition space in Miami, Florida and for loan from time to time to museums, universities and other organizations exempt under Section 501(c)(3) of the Code, in such manner as determined by the Unlimited Foundation. The purchase of such artwork and setting aside of such funds shall be at such time or times determined by the trustees to be appropriate in view of the fact that the architectural plans for the Unlimited Foundation's exhibition space have not been finalized at this time.

(L) The trustees desire, by execution of this instrument, to adopt measures regarding the Foundation's support of the Unlimited Foundation in a manner that will carry out the exempt purposes of the Foundation and the exempt purposes of the Unlimited Foundation.

NOW, THEREFORE, the trustees, effective as of the date of this instrument, hereby adopt the following resolutions regarding the Foundation's support of the Unlimited Foundation in a manner that, in the judgment of the trustees, will further the exempt purposes of the Foundation and the exempt purposes of the Unlimited Foundation for such period of time as the trustees shall determine:

1. The trustees hereby approve, ratify and confirm the setting aside of One Million Nine Hundred Twenty-Five Thousand Dollars ($1,925,000) by the Foundation as the initial payment of the purchase price for the artwork entitled "Aten Reign 2013" by artist James Turrell ("Aten Reign"), under the terms of that certain

Purchase Agreement dated October 15, 2013, among Pace Gallery, acting on behalf of itself and as the authorized agent of James Turrell, and the Foundation (the "Turrell Purchase Agreement").

2. The trustees hereby approve the setting aside currently of One Million Nine Hundred Twenty-Five Thousand Dollars ($1,925.000) by the Foundation for the payment of the remaining purchase price for Aten Reign under the Turrell Purchase Agreement. Pursuant to the terms of the Turrell Purchase Agreement, the remaining purchase price shall be paid by the Foundation upon James Turrell's approval of the Working Drawings (as defined in the Turrell Purchase Agreement).

3. If the Foundation executes that certain proposed Purchase Agreement between Richard Serra and the Foundation (the "Serra Purchase Agreement") for the purchase of the artwork entitled "Passage of Time" by artist Richard Serra, the trustees hereby approve the setting aside of a total of Eighteen Million Dollars ($18,000,000) by the Foundation for the payment of the purchase price thereunder. The set aside authorized by this paragraph shall be in such amounts and at such time or times, including in 2013, as the trustees shall determine to be necessary or advisable in order to enable the trustees to purchase the artwork in accordance with the provisions of the Serra Purchase Agreement.

4. The trustees hereby agree that the Foundation may purchase and set aside funds for the purchase of such other works of art as the Foundation from time to time determines for contribution to the Unlimited Foundation in furtherance of its exempt purposes.

5. The trustees hereby agree that any amount set aside or expended for the purchase of a work of art, as authorized by the foregoing resolutions, shall also include such additional sums as the trustees, in their discretion, deem necessary or advisable to defray the costs of shipping, storing, insuring, preparing the site of and installing the work of art and such other expenses related to the acquisition, delivery and installation of the work of art as the trustees determine.

6. The trustees hereby agree that any amounts set aside by the Foundation in connection with the foregoing resolutions shall be evidenced by the entry of a dollar amount on the books and records of the Foundation as a pledge or obligation

to be paid at a future date or dates, in accordance with Treasury Regulation Section 53.4942(a)-3(b)(8).

7. The trustees and any other authorized signatory of the Foundation are hereby authorized, empowered and directed, in the name and on behalf of the Foundation, to take such action and to execute and deliver such papers, documents, agreements, certificates and instruments, and to do such things as they deem necessary and desirable to effectuate the actions authorized by the foregoing resolutions (as conclusively evidenced by the taking of such action or the execution and delivery of such instruments, as the case may be, by or under the direction of any authorized signatory), and all action heretofore taken by the authorized signatories and agents of the Foundation in connection with the subject of the foregoing resolutions be, and hereby is, approved, ratified and confirmed in all respects as the act and deed of the Foundation.

The undersigned trustees hereby ratify, confirm, and consent to the foregoing resolutions, as of December 30, 2013.

404BD2AC7647478
DocuSigned By: Bruce R. Berkowitz
Bruce R. Berkowitz, trustee

3D59B2E471C6474
DocuSigned By: Tracey P. Berkowitz
Tracey P. Berkowitz, trustee

Fairholme Foundation
Start-Up Period Minimum Amount
Reg. Sec 53.4942(a)-3(b)(4)

	Start Up Period 2003*	2004	2005	2006
Distributable amount^	$ 16,106	$ 18,542	$ -	$ 257,845
Required distributable amount percentage during the start-up period minimum amount	20%	40%	60%	80%
Required distributable amount during start-up period minimum amount	$ 3,221	$ 7,417	$ -	$ 206,276
Amount distributed^	$ (41,190)	$ (72,230)	$ (101,750)	$ (315,411)
Excess required distribution amount carryover from prior years	$ -	$ (37,969)	$ (102,782)	$ (204,532)
Excess required distribution amount carryover applied to current year	$ -	$ -	$ -	$ -
Excess required distribution amount carry over to next year	$ (37,969)	$ (102,782)	$ (204,532)	$ (313,667)

* The Foundation was created on June 7, 2002.
^Amounts shown on the schedule above have been provided from the Foundations Form 990-PF for each of the respective years.

Fairholme Foundation
Full-Payment Period Minimum Amount
Reg. Sec 53.4942(a)-3(b)(5)

	Full-Payment Period Minimum Amount 2007	2008	2009	2010	2011	2012
Distributable amount^	$ 647,461	$ 717,034	$ 2,447,962	$ 2,923,156	$ 5,137,301	$ 6,733,721
Undistributed income prior year	$ -	$ -	$ -	$ 603,412	$ -	$ -
Amount distributed^	$ (509,500)	$ (1,073,000)	$ (1,312,878)	$ (9,035,143)	$ (4,704,957)	$ (5,052,873)
Excess distributions carryover from prior years	$ (313,667)	$ (175,706)	$ (531,672)	$ -	$ (5,508,575)	$ (5,076,231)
Excess distributions carryover applied to current year	$ -	$ -	$ 531,672	$ -	$ 432,344	$ 1,680,848
Excess distribution carry over to next year	$ (175,706)	$ (531,672)	$ -	$ (5,508,575)	$ (5,076,231)	$ (3,395,383)
Undistributed income current year*	$ -	$ -	$ 603,412	$ -	$ -	$ -

*The undistributed income current year amounts were distributed by May 15th of the following year Reg Sec 53.4942(a)-3(b)(6).

^Amounts shown on the schedule above have been provided from the Foundations Form 990-PF for each of the respective years.