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JUDGE: Hon. Karen Overstreet
DATE: n/a
TIME:
CHAPTER: 11
LOCATION: Seattle

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON, AT SEATTLE

In re:	)	No. 00-10390
	)	
E.J. BARTELLS, INC.,	)	TRUSTEE'S THIRTEENTH
	)	ANNUAL REPORT
Debtor.	)	
_____	)	

Richard Hilfer, trustee of the Bartells Asbestos Settlement Trust [the "Trust"], by his undersigned counsel, pursuant to Articles 4.2 and 4.3 of the Trust Agreement governing the same, provides the following annual report of the Trust's activity for calendar year 2013:

1. Financial Statements. Reviewed financial statements are attached hereto as Exhibit 1.

2. Claim Dispositions. A summary of claim dispositions during 2013 is attached hereto as Exhibit 2.

Respectfully submitted this 28th day of April, 2014.

BUCKNELL STEHLIK SATO & STUBNER, LLP

/s/ Edwin K. Sato
_____
Edwin K. Sato, WSBA # 13633
Attorneys for Richard Hilfer, trustee

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EXHIBIT 1

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BARTELLS ASBESTOS SETTLEMENT TRUST

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Richard J. Hilfer, Trustee
Bartells Asbestos Settlement Trust
Port Townsend, Washington

We have reviewed the accompanying statement of assets and trust equity – modified cash method of Bartells Asbestos Settlement Trust (the Trust) as of December 31, 2013, and the related statement of income and expenses – modified cash method for the year then ended. A review includes primarily applying analytical procedures to the Trust's financial data and making inquiries of the Trust. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The Trust is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash method of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash method of accounting, as described in Note 2.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
April 24, 2014

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BARTELLS ASBESTOS SETTLEMENT TRUST
STATEMENT OF ASSETS AND TRUST EQUITY – MODIFIED CASH METHOD
DECEMBER 31, 2013
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	
CASH AND CASH EQUIVALENTS	$ 230,182
INVESTMENTS	
Common Stocks, at Fair Value	96,136
Municipal Bonds, at Fair Value	2,022,960
Total Investments	2,119,096
INCOME TAXES RECEIVABLE	625
Total Assets	$ 2,349,903
TRUST EQUITY	$ 2,349,903

See accompanying Notes to Financial Statements.

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BARTELLS ASBESTOS SETTLEMENT TRUST
STATEMENT OF INCOME AND EXPENSES – MODIFIED CASH METHOD
YEAR ENDED DECEMBER 31, 2013
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

INCOME	
Interest	$ 88,742
Dividend	5,236
Miscellaneous	185
Total Income	94,163
EXPENSES	
Claims Paid	990,926
Trustee Fee	29,625
Professional Fees	19,429
Investment	17,503
E and O Insurance	6,513
Reimbursed to Trustee	3,749
File Storage	3,360
Legal Fees	375
Foreign Taxes	422
Miscellaneous	811
Total Expenses	1,072,713
CHANGE IN NET ASSETS BEFORE REALIZED AND UNREALIZED GAIN ON INVESTMENTS	(978,550)
NET REALIZED AND UNREALIZED LOSS ON INVESTMENTS	(72,481)
Loss Before Income Tax Expense	(1,051,031)
INCOME TAX EXPENSE	(53,990)
NET LOSS	(1,105,021)
Trust Equity - Beginning of Year	3,454,924
TRUST EQUITY - END OF YEAR	$ 2,349,903

See accompanying Notes to Financial Statements.

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NOTE 1 CREATION OF THE TRUST

At the entry of the order for relief in the E. J. Bartells (Bartells) Co. Chapter 11 case, Bartells was named a defendant in the personal injury and wrongful death actions arising from the presence of or exposure to asbestos. On February 14, 2001, pursuant to the Bankruptcy Court Plan (the Plan) all liability for asbestos claims was automatically assumed by the Bartells Asbestos Settlement Trust (the Trust). Richard J. Hilfer was named the trustee. The Trust is irrevocable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Presentation

The Trust prepares its financial statements on the modified cash method of accounting. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when cash is disbursed, rather than when the obligation is incurred. The cash method is modified in that investments are stated at market value as of the date of the financial statements, income taxes are accrued on current year taxable income at the statuary rate of 35 percent, and deferred income taxes are recorded.

Income Taxes

Federal income taxes are computed at current tax rates applied to reported earnings. Adjustments are made currently for all permanent differences between taxable income and financial statement income.

The Trust, as a settlement fund, files an annual income tax return (Form 1120-SF).

The Financial Accounting Standards Board (FASB) issued *Accounting Standards Codification* (ASC) Topic 740, *Income Taxes* (Topic 740), on accounting for uncertainty in income taxes. The Trust adopted this guidance for the year ended December 31, 2013. Management evaluated the Trust's tax positions and concluded that the Trust had taken no uncertain tax positions that require adjustments to the financial statements to comply with the provisions of this guidance. Should that status be challenged in the future, the Trust's tax returns for 2010 and through the current tax year are open for examination by the Internal Revenue Service.

Use of Estimates

The preparation of modified cash method financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Trust considers all bank deposits, money market accounts, and short-term investments with original maturities of 90 days or less to be cash equivalents. Cash may subject the Trust to concentrations of risk as, from time to time, cash balances exceed amounts insured by the Federal Deposit Insurance Corporation.

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments in debt and equity securities that have a readily determined market value are classified as available for sale securities and are recorded at fair value. Unrealized holding gains and losses are reported in earnings. Realized gains or losses are recognized when a security is sold for the difference between the sales price and the carrying value at the date of sale. Proceeds from sales of investments available for sale totaled $1,890,582 for the year ended December 31, 2013.

Claims Paid

The Trust pays asbestos claims after required procedures in the Asbestos Resolution Claim Procedures (ARCP) have been satisfied. The ARCP governs how claims are submitted, the criteria for payment, the order claims are to be paid, and other matters related to the liquidation and payment of claims. The ARCP is a matter of record and can be amended only with court approval.

Subsequent Events

The Trust has evaluated subsequent events through April 24, 2014, which is the date the financial statements were available to be issued.

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTE 3 FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENTS (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Trust's significant financial instruments are marketable securities. These financial instruments are measured at fair value on recurring basis.

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Common Stocks: Valued at the closing price reported on the active market on which the individual funds are traded.

Municipal Bonds: Fair value measured using benchmark curves, reported trades, broker quotes and material event notices, plus market research publications on bonds with similar yields.

The following table sets forth by level, within the fair value hierarchy, the Trust's investment assets at fair value as of December 31, 2013:

	Level 1	Level 2	Level 3	Total
Common Stocks	$ 96,136	$ -	$ -	$ 96,136
Municipal Bonds	-	2,022,960	-	2,022,960
Total	$ 96,136	$ 2,022,960	$ -	$ 2,119,096

The following table provides the cost basis and fair value of investments as of December 31, 2013:

	Cost Basis	Fair Value
Common Stocks	$ 60,712	$ 96,136
Municipal Bonds	1,944,579	2,022,960
Total	$ 2,005,291	$ 2,119,096

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NOTE 4 FEDERAL INCOME TAXES

The provision for income tax consisted of the following for the year ended December 31, 2013:

Current Expense	$ 20,390
Deferred Expense	33,600
Total Federal Income Tax Benefit	$ 53,990

Current income taxes are based on the taxable income for the year, as measured by the current year's tax return. The Trust's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from tax-exempt income and unrealized gains (losses) for financial statement purposes but not for federal income tax purposes.

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EXHIBIT 2

BARTELLS ASBESTOS SETTLEMENT TRUST
Claims Disposed of - 2013

Mesothelioma

125 paid	$ 886,250
18 denied	
6 withdrawn	

Lung Cancer

87 paid	$ 131,625
12 denied	
2 withdrawn	

Asbestosis Death/Serious Asbestos

12 paid	$ 17,250
2 denied	

Other Cancer

15 paid	$ 10,950
1 denied	
1 check returned (#5034)	

Non-Malignant 1

13 paid	$ 10,400
3 denied	
1 withdrawn	

Non-Malignant 2

31 paid	$ 18,050
4 denied	

TOTALS

333 claims disposed $1,074,525 (Checks issued – 2013)

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