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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 FOURTEENTH
	)	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 2014:

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

2. Claim Dispositions. A summary of claim dispositions during 2014 is attached hereto as Exhibit 2.

Respectfully submitted this 29th day of April, 2015.

BUCKNELL STEHLIK SATO & STUBNER, LLP

/s/ Edwin K. Sato

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

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Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 1 of 13
Published by AsbestosClaims.Law
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EXHIBIT 1

BARTELLS ASBESTOS SETTLEMENT TRUST

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 3 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/3

BARTELLS ASBESTOS SETTLEMENT TRUST
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2014

INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF ASSETS AND TRUST EQUITY – MODIFIED CASH BASIS	2
STATEMENT OF INCOME AND EXPENSES – MODIFIED CASH BASIS	3
NOTES TO FINANCIAL STATEMENTS	4

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 4 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/4

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 basis of Bartells Asbestos Settlement Trust (the Trust) as of December 31, 2014, and the related statement of income and expenses – modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Trust management. 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.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis 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 basis of accounting, as described in Note 2.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
April 27, 2015

BARTELLS ASBESTOS SETTLEMENT TRUST
STATEMENT OF ASSETS AND TRUST EQUITY – MODIFIED CASH BASIS
DECEMBER 31, 2014
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

ASSETS	
CASH AND CASH EQUIVALENTS	$ 138,997
INVESTMENTS	
Common Stock, at Fair Value	102,725
Municipal Bonds, at Fair Value	899,820
Total Investments	1,002,545
Total Assets	$ 1,141,542
LIABILITIES AND TRUST EQUITY	
INCOME TAXES PAYABLE	$ 4,763
Total Liabilities	4,763
TRUST EQUITY	1,136,779
Total Liabilities and Trust Equity	$ 1,141,542

See accompanying Notes to Financial Statements.

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 6 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/6

BARTELLS ASBESTOS SETTLEMENT TRUST
STATEMENT OF INCOME AND EXPENSES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2014
(SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT)

INCOME	
Interest	$ 64,523
Dividend	1,548
Miscellaneous	173
Total Income	66,244
EXPENSES	
Claims Paid	1,267,775
Trustee Fee	29,575
Professional Fees	19,584
Investment	10,985
E and O Insurance	4,806
Reimbursed to Trustee	3,723
File Storage	3,886
Legal Fees	535
Foreign Taxes	37
Miscellaneous	940
Total Expenses	1,341,846
CHANGE IN NET ASSETS BEFORE REALIZED AND UNREALIZED GAIN ON INVESTMENTS	(1,275,602)
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	70,782
Loss Before Income Tax Expense	(1,204,820)
INCOME TAX EXPENSE	(8,304)
NET LOSS	(1,213,124)
Trust Equity - Beginning of Year	2,349,903
TRUST EQUITY - END OF YEAR	$ 1,136,779

See accompanying Notes to Financial Statements.

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 7 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/7

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 basis 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, and income taxes are accrued on current year taxable income at the statutory rate of 39.6 percent.

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, 2014. 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 2011 and through the current tax year are open for examination by the Internal Revenue Service.

Use of Estimates

The preparation of modified cash basis 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.

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 8 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/8

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 $1,242,453 for the year ended December 31, 2014.

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 27, 2015, 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.

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 9 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/9

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 Stock: 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, 2014:

	Level 1	Level 2	Level 3	Total
Common Stock	$ 102,725	$ -	$ -	$ 102,725
Municipal Bonds	-	899,820	-	899,820
Total	$ 102,725	$ 899,820	$ -	$ 1,002,545

The following table provides the cost basis and fair value of investments as of December 31, 2014:

	Cost Basis	Fair Value
Common Stock	$ 66,546	$ 102,725
Municipal Bonds	837,092	899,820
Total	$ 903,638	$ 1,002,545

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 10 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/10

NOTE 4 FEDERAL INCOME TAXES

The provision for income tax consisted of the following for the year ended December 31, 2014:

Current Expense	$ 8,304
Deferred Expense	-
Total Federal Income Tax Expense	$ 8,304

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.

Bartells Asbestos Trust Annual Reports, 2014 annual report
ACL Doc 13764 · Page 11 of 13
Published by AsbestosClaims.Law
asbestosclaims.law/library/13764/11

EXHIBIT 2

BARTELLS ASBESTOS SETTLEMENT TRUST
Claims Disposed of - 2014

Mesothelioma

153 paid $1,085,250
29 denied
1 withdrawn

Lung Cancer

124 paid $ 171,225
43 denied
1 withdrawn
1 check returned #5482 / $1,750

Asbestosis Death/Serious Asbestos

13 paid $ 17,250
3 denied
1 withdrawn

Other Cancer

12 paid $ 7,950
2 denied

Non-Malignant 1

22 paid $ 22,400
2 denied

Non-Malignant 2

40 paid $ 20,950
12 denied
3 withdrawn
1 check returned #5461 / $550

TOTALS

461 claims disposed $1,325,025 (Checks issued – 2014)

Bartells Asbestos Trust Annual Reports, 2014 annual report
Published by AsbestosClaims.Law
ACL Doc 13764 · Page 13 of 13
asbestosclaims.law/library/13764/13