

SECURITIES AND EXCHANGE COMMISSION

FORM N-Q

Quarterly schedule of portfolio holdings of registered management investment company filed on Form N-Q

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FILER

Bread & Butter Fund Inc.

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973-331-1000

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21748

Bread & Butter Fund, Inc.
(Exact Name of Registrant as Specified in Charter)

3633 Hill Rd. 3rd Floor
Parsippany, NJ 07054
(Address of Principal Executive Offices)(Zip Code)

James B. Potkul
Potkul Capital Management LLC
3633 Hill Rd. 3rd Floor
Parsippany, NJ 07054
(Name and Address of Agent for Service)

Registrant's Telephone Number, including Area Code: (973) 331-1000

Date of fiscal year end: December 31

Date of reporting period: September 30, 2011

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, and 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.

Bread & Butter Fund
Schedule of Investments

<u>Shares</u>	<u>Value</u>
COMMON STOCKS - 73.49%	
Air Transportation, Nonscheduled - 3.47%	
2,500 PHI, Inc. *	47,850
Consumer Products - 7.24%	
1,600 Philip Morris International, Inc.	99,808
Diversified Holding Cos. - 16.07%	
1,050 Berkshire Hathaway, Inc. Class-B *	74,592
4,250 Loews Corp.	146,837
	<u>221,429</u>
Electric Services - 1.54%	
1,000 NRG Energy, Inc. *	21,210
Electronic Components, NEC - 1.07%	
3,000 Nam Tai Electronics, Inc.	14,730
Gold & Silver Ores - 14.53%	
2,000 Coeur d'Alene Mines Corp. *	42,880
2,500 Newmont Mining Corp.	157,375
	<u>200,255</u>
Healthcare-Hospitals - 2.45%	
1,500 Amsurg Corp. *	33,750
Healthcare-Pharmaceutical - 3.08%	
2,400 Pfizer, Inc.	42,432
Meat Packing Plants - 6.53%	
1,500 Smithfield Foods, Inc. *	29,250
3,500 Tyson Foods, Inc.	60,760
	<u>90,010</u>
Oil & Gas Exploration/Production - 8.83%	
2,000 Chesapeake Energy Corp.	51,100
1,000 Penn West Petroleum Ltd.	14,770
1,000 Statoil ASA ADR	21,550
1,000 YPF Sociedad Anonima	34,210
	<u>121,630</u>
Oil & Gas Field Services - 3.60%	
500 EnSCO International, Inc. PLC ADR	20,215
1,000 Noble Corp. (Switzerland)	29,350
	<u>49,565</u>
Radiotelephone Communications - 0.93%	
500 Vodafone Group PLC (United Kingdom)	12,830
Real Estate - 1.91%	
1,000 Consolidated - Tomoka Land Co.	26,260
Retail - 2.26%	
600 Walmart Stores, Inc.	31,140
TOTAL FOR COMMON STOCKS (Cost \$922,131) - 73.49%	<u>\$ 1,012,899</u>

CLOSED-END TRUST - 2.32%		
500 Central Gold Trust (Canada) *		<u>31,915</u>
TOTAL FOR CLOSED-END TRUST (Cost \$23,140) - 2.32%		<u>\$ 31,915</u>
PREFERRED STOCKS - 2.96%		
2,000 Commonwealth REIT 6.50% Class-D		<u>40,820</u>
TOTAL FOR PREFERRED STOCKS (Cost \$16,409) - 2.96%		<u>\$ 40,820</u>
SHORT TERM INVESTMENTS - 22.37%		
58,277 Fidelity Institutional Treasury Only Money Market Fund Class-I 0.01%** (Cost \$58,277)		58,277
250,000 Huntington Conservative Deposit Account 0.15% ** (Cost \$250,000)		<u>250,000</u>
TOTAL FOR SHORT TERM INVESTMENTS (Cost \$308,277) - 22.37%		\$ 308,277
TOTAL INVESTMENTS (Cost \$1,269,957) - 101.14%		\$ 1,393,911
LIABILITIES IN EXCESS OF OTHER ASSETS - (1.14%)		<u>(15,684)</u>
NET ASSETS - 100.00%		<u>\$ 1,378,227</u>

* Non-income producing security during the period

**Variable rate security: the coupon rate shown represents the yield at September, 2011.

ADR - American Depository Receipt

NOTES TO FINANCIAL STATEMENTS

Bread & Butter Fund

1. SECURITY TRANSACTIONS

At September 30, 2011, the net unrealized appreciation on investments, based on cost for federal income tax purposes of \$1,269,957 amounted to \$123,955, which consisted of aggregate gross unrealized appreciation of \$165,655 and aggregate gross unrealized depreciation of \$41,700.

2. SECURITY VALUATION

Equity securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange or on the NASDAQ over-the-counter market are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an equity security is generally valued by the pricing service at its last bid price, except for short positions, for which the last quoted asked price is used. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value, or when restricted or illiquid securities are being valued, such securities are valued as determined in good faith by the Board of Directors. The Board has adopted guidelines for good faith pricing, and has delegated to the Adviser the responsibility for determining fair value prices, subject to review by the Board of Directors.

Fixed income securities generally are valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices accurately reflect the fair market value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. If the Adviser decides that a price provided by the pricing service does not accurately reflect the fair market value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Adviser, subject to review of the Board of Directors. Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using the amortized cost method of valuation, which the Board has determined will represent fair value.

3. FOREIGN CURRENCY

Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss from investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities at fiscal period end, resulting from changes in exchange rates.

Valuation Inputs of Assets	Level 1	Level 2	Level 3	Total
Common Stock	\$1,012,899	\$0	\$0	\$1,012,899
Closed-End Trust	\$31,915	\$0	\$0	\$31,915
Preferred Stock	\$40,820	\$0	\$0	\$40,820
Convertible Bonds	\$0	\$0	\$0	\$0
Cash Equivalents	\$308,277	\$0	\$0	\$308,277
Total	<u>\$1,393,911</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,393,911</u>

ITEM 2. CONTROLS AND PROCEDURES.

(a)

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES. The Registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Registrant's filings under the Securities Exchange Act of 1934 and the Investment Company Act of 1940 is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. The Registrant's management, including the principal executive officer and the principal financial officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Within 90 days prior to the filing date of this Quarterly Schedule of Portfolio Holdings on Form N-Q, the Registrant had carried out an evaluation, under the supervision and with the participation of the Registrant's management, including the Registrant's principal executive officer and the Registrant's principal financial officer, of the effectiveness of the design and operation of the Registrant's disclosure controls and procedures. Based on such evaluation, the Registrant's principal executive officer and principal financial officer concluded that the Registrant's disclosure controls and procedures are effective.

(b)

CHANGES IN INTERNAL CONTROLS. There have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect the internal controls subsequent to the date of their evaluation in connection with the preparation of this Quarterly Schedule of Portfolio Holdings on Form N-Q.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Bread & Butter Fund, Inc.

By /s/James B. Potkul
James B. Potkul
President/Principal Financial Officer

Date November 7, 2011

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ James B. Potkul
James B. Potkul
President/Principal Financial Officer

Date November 7, 2011

CERTIFICATIONS

I, James B. Potkul , certify that:

1. I have reviewed this report on Form N-Q of Bread & Butter Fund, Inc. ;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the registrant as of the end of the fiscal quarter for which the report is filed;
4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and
5. The registrant' s other certifying officer(s) and I have disclosed to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 7, 2011

/s/James B. Potkul

James B. Potkul

President/Principal Financial Officer