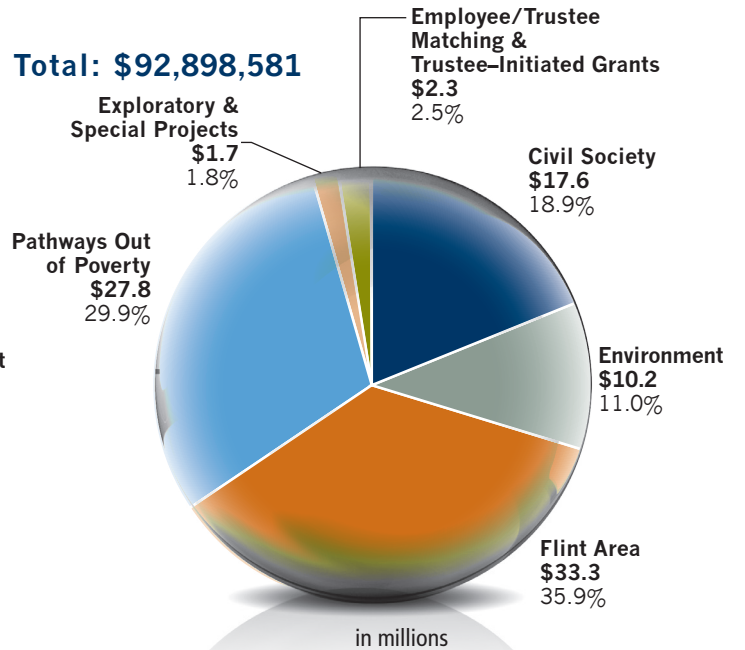
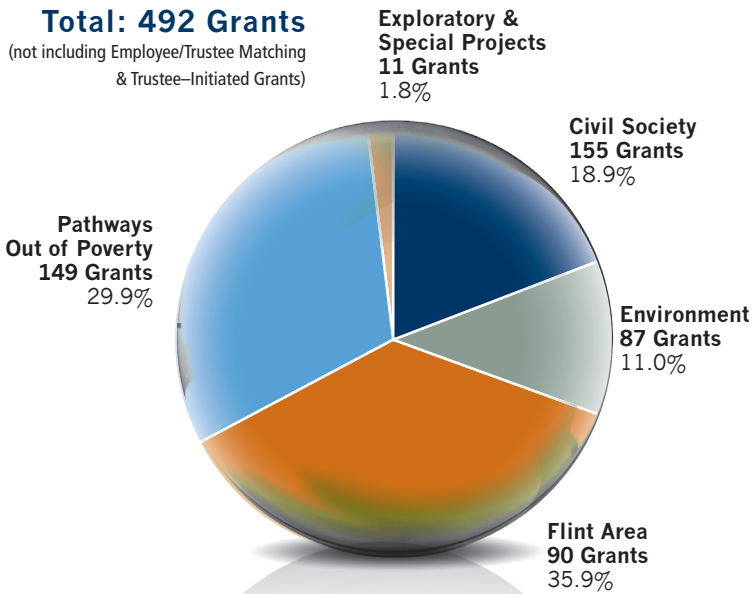

Finance

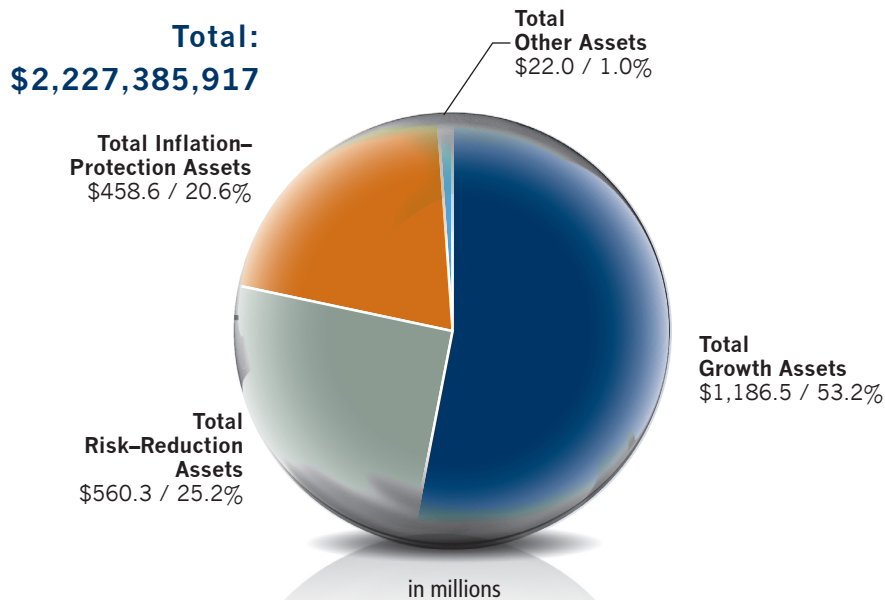


Profile: 2010

GRANTMAKING ACTIVITIES



ASSET ALLOCATION 12.31.10



Profile: 10-year Statistics

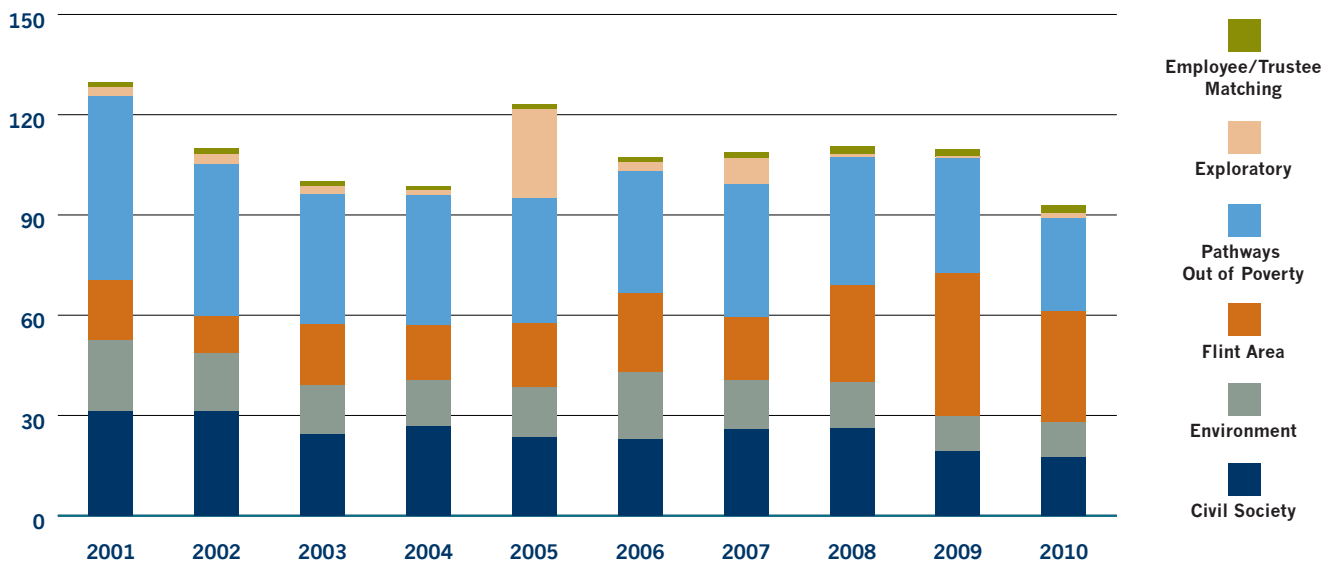
2001–2010 Selected Financial Information (in millions)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total Assets – Fair Value	\$2,458.0	\$2,011.4	\$2,373.2	\$2,524.7	\$2,477.3	\$2,626.1	\$2,711.5	\$1,929.9	\$2,079.9	\$2,227.4
Total Assets – 2010 Dollars	3,049.0	2,437.0	2,822.4	2,907.9	2,759.0	2,852.3	2,829.5	2,012.1	2,111.0	2,227.4
12-Month Rolling Average Assets	2,542.3	2,153.0	2,133.6	2,361.9	2,407.0	2,507.0	2,707.4	2,380.2	1,916.0	2,063.4
Total Investment Income (Loss)	(284.5)	(312.9)	477.3	287.8	84.4	290.5	245.0	(684.6)	289.3	275.5
Total Investment Income (Loss) 2010 Dollars	(352.9)	(379.2)	567.6	331.5	94.0	315.5	255.7	(713.8)	293.6	275.5
Total Grants Awarded	129.7	109.8	100.0	98.7	123.2	107.3	108.7	110.4	109.3	92.9
Total Expenditures*	131.1	128.0	124.8	136.3	132.1	142.7	158.2	100.6	134.2	127.9

NOTE: Private foundations are required to make qualifying distributions (grant payments and reasonable administrative expenses) equal to roughly 5% of their average assets each year. The basis of the 5% calculation is a rolling, or 12-month, average of the foundation's investment assets.

* Total expenditures include grant payments, foundation-administered projects, administrative expenses, excise tax and investment expenses.

2001–2010 Grants Awarded by Program (in millions)



Report Of Independent Certified Public Accountants



BOARD OF TRUSTEES

Charles Stewart Mott Foundation

We have audited the accompanying statements of financial position of the Charles Stewart Mott Foundation (the "Foundation") as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2010 and 2009, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Southfield, Michigan
August 7, 2011

Statements of Financial Position

	Years Ended December 31,	
	2010	2009
Assets		
Investments, at fair value:		
Equity securities	\$ 1,209,815,106	\$ 1,216,862,050
U.S. Government obligations	82,459,231	106,507,034
Corporate bonds	95,218,267	82,915,219
Limited partnerships	769,526,770	503,670,688
Investment deposits in transit	5,000,000	14,000,000
Cash equivalents	43,383,777	134,236,695
	<u>2,205,403,151</u>	<u>2,058,191,686</u>
Cash	14,576,577	3,346,542
Accrued interest and dividends	1,208,155	1,740,038
Land, building and improvements, net	4,174,396	4,296,697
Other assets	2,023,638	12,305,464
Total Assets	<u>\$ 2,227,385,917</u>	<u>\$ 2,079,880,427</u>
Liabilities and Unrestricted Net Assets		
Liabilities		
Grants payable	\$ 38,039,005	\$ 52,006,241
Accounts payable and other liabilities	19,821,029	24,189,035
Deferred excise tax	5,248,872	1,412,681
	<u>63,108,906</u>	<u>77,607,957</u>
Unrestricted Net Assets	<u>2,164,277,011</u>	<u>2,002,272,470</u>
Total Liabilities and Unrestricted Net Assets	<u>\$ 2,227,385,917</u>	<u>\$ 2,079,880,427</u>

The accompanying notes are an integral part of the financial statements.

Statements of Activities

	Years Ended December 31,	
	2010	2009
Income:		
Dividends and Interest	\$ 28,345,233	\$ 32,659,243
Limited partnership income (loss)	9,326,412	(9,766,104)
Net realized gain (loss) on investments	53,308,456	(28,487,974)
Net unrealized gain on investments	184,423,708	295,344,228
Other income (expense)	59,501	(484,073)
	<u>275,463,310</u>	<u>289,265,320</u>
Investment expenses:		
Direct investment expenses	5,162,395	5,241,980
Provision for excise tax:		
Current	885,241	333,600
Deferred expense	3,836,191	5,478,258
	<u>9,883,827</u>	<u>11,053,838</u>
Net investment income	265,579,483	278,211,482
Grants and operating expenses:		
Grants	91,032,717	108,369,042
Foundation-administered projects	1,667,357	850,610
Administration expenses	14,437,858	16,091,827
	<u>107,137,932</u>	<u>125,311,479</u>
Net operating income	158,441,551	152,900,003
Other changes in unrestricted net assets:		
Pension-related changes other than net periodic pension cost	2,713,784	3,464,016
Postretirement health-care related changes other than net periodic benefit cost	849,206	1,375,114
Change in unrestricted net assets	162,004,541	157,739,133
Unrestricted net assets:		
Beginning of year	2,002,272,470	1,844,533,337
End of year	<u>\$ 2,164,277,011</u>	<u>\$ 2,002,272,470</u>

The accompanying notes are an integral part of the financial statements.

Statements of Cash Flows

	Years Ended December 31,	
	2010	2009
Cash flows from operating activities:		
Change in unrestricted net assets	\$ 162,004,541	\$ 157,739,133
Adjustments to reconcile change in unrestricted net assets to cash used by operating activities:		
Net realized (gain) loss on investments	(53,308,456)	28,487,974
(Income) loss on limited partnerships	(9,326,412)	9,766,104
Net unrealized (gain) loss on investments	(184,423,708)	(295,344,228)
Excess value of donated securities included with grants	2,120,342	2,582,227
Depreciation expense	298,844	314,253
Loss on fixed asset retirements	14,469	-
(Increase) decrease in accrued interest and dividends	531,883	375,836
(Increase) decrease in other assets	10,281,826	(9,184,930)
(Increase) decrease in deferred excise tax asset	-	4,065,577
Increase (decrease) in grants payable	(13,967,236)	(3,215,247)
Increase (decrease) in accounts payable and other liabilities	(4,368,006)	(5,955,222)
Increase (decrease) in deferred excise tax liability	3,836,191	1,412,681
Total adjustments	<u>(248,310,263)</u>	<u>(266,694,975)</u>
Net cash used by operating activities	<u>(86,305,722)</u>	<u>(108,955,842)</u>
Cash flows from investing activities:		
Proceeds from sales or redemptions of investments	858,200,202	713,248,023
Purchases of investments	(760,473,433)	(605,398,731)
Acquisition of building improvements	<u>(191,012)</u>	<u>(764,665)</u>
Net cash provided by investing activities	<u>97,535,757</u>	<u>107,084,627</u>
Net increase (decrease) in cash	11,230,035	(1,871,215)
Cash, beginning of year	3,346,542	5,217,757
Cash, end of year	<u>\$ 14,576,577</u>	<u>\$ 3,346,542</u>
Supplemental disclosure of noncash investing activities:		
Investment trades receivable (payable) at year end, included with sales/proceeds on investments	<u>\$ 66,395</u>	<u>\$ 10,000,000</u>

The accompanying notes are an integral part of the financial statements.

Notes To Financial Statements December 31, 2010 and 2009

A. Mission and Grant Programs

The Charles Stewart Mott Foundation (the “Foundation”) is a private grantmaking foundation established in 1926 in Flint, Michigan. The Foundation’s mission is “to support efforts that promote a just, equitable and sustainable society.” The Foundation’s grantmaking activity is organized into four major programs: Civil Society, Environment, Flint Area and Pathways Out of Poverty. Other grantmaking opportunities, which do not match the major programs, are investigated through the Foundation’s Exploratory and Special Projects program.

B. Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements.

METHOD OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting, which includes recognition of dividends, interest and other income and expenses as earned or incurred. Trustee and Executive Committee grant actions are recognized as expense on the date of the action. Grants by the President or Executive Committee by specific authority conferred by the Trustees are recognized as expense on the date the authority is exercised. Grant expense is net of grant refunds.

RECENT ACCOUNTING PRONOUNCEMENTS

The Foundation adopted the amended guidance from the Financial Accounting Standards Board (FASB) relating to fair value presentation in its December 31, 2009, financial statements for its investments in equity securities and limited partnerships. Adoption of this guidance did not have an impact on the fair value determination of applicable investments; however, it did require additional disclosures. See Note C – Investments for the additional disclosures related to the amended guidance.

Effective January 1, 2009, the Foundation adopted the new provisions set by the FASB, which clarified accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. There are two steps to recognizing and measuring uncertain tax positions. This new guidance prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return, including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. The Foundation is exempt from income tax under Internal Revenue Code (IRC) section 501(c)(3); however, as a private foundation is required to pay excise tax and tax on income unrelated to its exempt purpose. The Foundation recognizes interest and penalties related to income tax matters as a part of excise tax. There was no interest or penalties paid or accrued in the 2010 and 2009 financial statements. The tax years ending 2007, 2008 and 2009 are still open to audit for both federal and state purposes. The Foundation is currently under federal examination for the years 2008 and 2009. The Foundation does not anticipate any significant impact to its tax positions as a result of this examination. The adoption of this guidance did not have any impact on the Foundation’s financial statements.

CASH EQUIVALENTS

Cash equivalents with original maturities of three months or less are reflected at market value and include short-term notes and commercial paper, which are included with investments.

OTHER ASSETS

Included in other assets are investment trades receivable (where applicable) and land and buildings that were purchased by the Foundation for charitable purposes and are recorded at cost.

LAND, BUILDING AND IMPROVEMENTS

Land, building and improvements are recorded at cost. Upon sale or retirement of land, building and improvements, the cost and related accumulated depreciation are eliminated, and the resulting gain or loss is included in current income. Depreciation of building and improvements is provided over the estimated useful lives of the respective assets on a straight-line basis, ranging from 6 to 50 years.

Costs of office furnishings and equipment are consistently charged to expense because the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

A summary of land, building and improvement holdings at year end is as follows:

	2010	2009
Land	\$ 397,852	\$ 397,852
Building and improvements	9,411,891	9,361,446
Less accumulated depreciation	<u>(5,635,347)</u>	<u>(5,462,601)</u>
	<u>\$ 4,174,396</u>	<u>\$ 4,296,697</u>

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVESTMENTS

Equity investments with readily determinable fair values, and all debt securities, are recorded on the trade date and are stated at market value based primarily on December 31 published quotations. Gains and losses from sales of securities are determined on an average cost basis.

Equity investments that do not have readily determinable fair values, representing amounts in venture capital and limited partnerships, are recorded on the trade date. These investments are stated at an estimate of fair value as determined in good faith by the general partner or fund managers. The Foundation believes the amounts recorded approximate fair value.

The Foundation's 18.4% investment in United States Sugar Corporation (USSC), a non-publicly traded security with no readily determinable fair value, is priced based on an independent valuation of the USSC stock on a non-marketable minority interest basis.

The Foundation is party to certain limited partnership agreements, whereby the Foundation is committed to invest future funds into these partnerships. As of December 31, 2010, the Foundation has \$572.1 million in outstanding limited partnership commitments, including both domestic and international partnerships.

Temporary investments in partnerships that are publicly traded and where the Foundation has no committed capital are included with equity securities and not limited partnerships for financial statement presentation.

RECLASSIFICATIONS

Certain amounts in the 2009 statements have been reclassified to conform to the 2010 presentation.

C. Investment Securities

The following is a summary of cost and approximate fair values of the investment securities held at December 31 (in thousands):

	2010		2009	
	Fair Value	Cost Basis	Fair Value	Cost Basis
Equity securities	\$ 1,209,815	\$ 1,007,621	\$ 1,216,862	\$ 1,101,216
U.S. Government obligations	82,459	79,135	106,507	96,999
Corporate bonds	95,218	82,987	82,915	75,258
Limited partnerships	769,527	701,352	503,671	535,209
Investment deposits in transit	5,000	5,000	14,000	14,000
Cash equivalents	43,384	43,465	134,237	134,091
	<u>\$ 2,205,403</u>	<u>\$ 1,919,560</u>	<u>\$ 2,058,192</u>	<u>\$ 1,956,773</u>

Investments valued at Net Asset Value (NAV) as of December 31, 2010, consisted of the following:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Equity securities (a)	\$ 368,935,642	\$ 10,000,000	Quarterly to Annual if applicable	5 days to 4 months if applicable
Limited partnerships (b)	<u>769,526,770</u>	<u>572,100,000</u>	Quarterly to Annual if applicable	5 days to 4 months if applicable
Total investments at NAV	<u>\$ 1,138,462,412</u>	<u>\$ 582,100,000</u>		

(a) This category includes investments in real estate funds and hedge funds. The NAV of the real estate funds are as provided by the fund and determined using the fair value option or depreciable cost basis of the underlying assets. The NAV of the hedge funds is as provided by the fund using various observable and unobservable market valuation techniques as allowed by the Financial Accounting Standards Board (FASB). The majority of the hedge funds offers quarterly to annual liquidity options that require advance notice from 5 business days to 4 months, with various “lock-up” and “gate” provisions, while the real estate funds do not offer redemption options.

(b) This category includes investments in private equity funds, public equity funds, hedge funds, real estate funds and energy funds. The NAV of these funds is as provided by the general partner or fund manager using various observable and unobservable market valuation techniques as allowed by the FASB. The majority of the hedge funds offers quarterly to annual liquidity options that require advance notice from 5 business days to 4 months, with various “lock-up” and “gate” provisions, while the private equity, real estate and energy funds do not offer redemption options. The public equity funds offer a monthly redemption frequency with 30 days notice.

See footnote D for additional information regarding fair value measurements.

Due to the various liquidity limitations on the above referenced funds, the Foundation maintains a significant portion of its investments in highly liquid and other Level 1 assets so as to ensure that grantmaking and administrative expense needs are covered into the foreseeable future.

The Foundation has significant amounts of investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

D. Fair Value Measurements

Effective January 1, 2008, the Foundation adopted a framework for measuring fair value under generally accepted accounting principles. Fair Value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This process also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 — Quoted market prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Generally, assets held at the Foundation's custodian, Comerica Bank, include cash equivalents, U.S. government obligations, corporate bonds and equity securities, which are publicly traded in active markets and are considered Level 1 assets. Equity securities purchased and held directly by the Foundation include private equities, hedge funds, real estate funds and energy funds.

The valuation of nonpublic investments requires significant judgment by the General Partner due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such assets. Private equity investments are valued initially based upon transaction price excluding expenses. Valuations are reviewed periodically utilizing available market and other data to determine if the carrying value of these investments should be adjusted. Such data primarily include, but are not limited to, observations of the trading multiples of public companies considered comparable to the private companies being valued. Valuations are adjusted to account for company-specific issues, the lack of liquidity inherent in a nonpublic investment, the level of ownership in the company and the fact that comparable public companies are not identical to the companies being valued. Such valuation adjustments are necessary because in the absence of a committed buyer and completion of due diligence similar to that performed in an actual negotiated sale process, there may be company-specific issues that are not fully known that may affect value. In addition, a variety of additional factors may be considered during the valuation process, including, but not limited to, financial and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining valuation adjustments resulting from the investment review process, emphasis is placed on market participant's assumptions and market-based information over entity-specific information.

The following table presents the investments carried on the statement of financial position by level within the valuation hierarchy as of December 31, 2010:

Investment Type	Level 1	Level 2	Level 3	Total
Equity securities	\$ 772,984,870	\$ —	\$ 436,830,236	\$ 1,209,815,106
U.S. Government obligations	82,459,231	—	—	82,459,231
Corporate bonds	95,218,267	—	—	95,218,267
Limited partnerships	—	—	769,526,770	769,526,770
Investment deposits in transit	—	—	5,000,000	5,000,000
Cash equivalents	43,383,777	—	—	43,383,777
Total	\$ 994,046,145	\$ —	\$ 1,211,357,006	\$ 2,205,403,151

A summary of Level 3 activity for the year is as follows:

Balance, December 31, 2009	\$ 821,190,819
Purchases	348,969,440
Sales	(102,590,959)
Transfers – donated securities	(2,148,538)
Realized gains	11,774,260
Unrealized gains	<u>134,161,984</u>
Balance, December 31, 2010	<u><u>\$ 1,211,357,006</u></u>

The following table presents the investments carried on the statement of financial position by level within the valuation hierarchy as of December 31, 2009:

Investment Type	Level 1	Level 2	Level 3	Total
Equity securities	\$ 913,341,919	\$ –	\$ 303,520,131	\$ 1,216,862,050
U.S. Government obligations	106,507,034	–	–	106,507,034
Corporate bonds	82,915,219	–	–	82,915,219
Limited partnerships	–	–	503,670,688	503,670,688
Investment deposits in transit	–	–	14,000,000	14,000,000
Cash equivalents	<u>134,236,695</u>	<u>–</u>	<u>–</u>	<u>134,236,695</u>
Total	<u><u>\$ 1,237,000,867</u></u>	<u><u>\$ –</u></u>	<u><u>\$ 821,190,819</u></u>	<u><u>\$ 2,058,191,686</u></u>

A summary of Level 3 activity for the year is as follows:

Balance, December 31, 2008	\$ 712,445,833
Purchases	156,904,603
Sales	(76,845,041)
Transfers – donated securities	(2,626,390)
Realized losses	(21,477,051)
Unrealized gains	<u>52,788,865</u>
Balance, December 31, 2009	<u><u>\$ 821,190,819</u></u>

E. Excise Tax and Distribution Requirements

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), but is subject to a 2% (1% if certain criteria are met) federal excise tax on net investment income, including realized gains, as defined in the IRC. The current excise tax is provided at 1% for 2010 and 2009. The deferred excise tax provision is calculated assuming a 2% rate and is based on the projected gains/losses that assume complete liquidation of all assets.

	2010	2009
Excise tax payable (receivable)	\$ 109,229	\$ (275,000)
Deferred excise tax liability	<u>5,248,872</u>	<u>1,412,681</u>
	<u><u>\$ 5,358,101</u></u>	<u><u>\$ 1,137,681</u></u>

Excise tax payments of \$790,520 and \$475,000 were paid in 2010 and 2009, respectively.

IRC Section 4942 requires that a private foundation make annual minimum distributions based on the value of its non-charitable use assets or pay an excise tax for the failure to meet the minimum distribution requirements. For the year ended December 31, 2010, the Foundation made qualifying distributions greater than the required minimum distribution of approximately \$21.3 million. The Foundation has \$47.6 million in prior year excess distributions to add to this amount, resulting in a net accumulated over-distribution of \$68.9 million to be carried forward to 2011.

F. Grants Payable

Grants payable at December 31, 2010, are expected to be paid as follows:

Payable in Year Ending December 31,					
	2011	2012	2013	2014-15	Total
PROGRAMS					
Civil Society	\$ 8,986,355	\$ 1,444,321	\$ 449,004	\$ 4,000	\$ 10,883,680
Environment	5,498,125	340,000	–	–	5,838,125
Flint Area	5,012,408	385,015	–	–	5,397,423
Pathways Out of Poverty	12,412,486	2,948,445	25,000	–	15,385,931
Other*	590,000	325,000	–	–	915,000
Grants payable	32,499,374	5,442,781	474,004	4,000	38,420,159
Less: Unamortized discount	–	337,251	43,367	536	381,154
	<u>\$ 32,499,374</u>	<u>\$ 5,105,530</u>	<u>\$ 430,637</u>	<u>\$ 3,464</u>	<u>\$ 38,039,005</u>

In addition, the Foundation has also approved grants that require certain conditions to be met by the grantee. Conditional grants excluded from the Foundation's financial statements totaled \$1,448,022 and \$1,868,154 as of December 31, 2010 and 2009, respectively.

Grant activity for the years ended December 31, 2010 and 2009, was as follows:

	2010	2009
Undiscounted grants payable, January 1	\$ 52,517,607	\$ 55,993,994
Grants approved	<u>93,318,713</u>	<u>109,065,677</u>
	145,836,320	165,059,671
Less grants paid by program:		
Civil Society	20,548,917	21,686,485
Environment	11,102,005	10,686,906
Flint Area	37,147,348	43,617,257
Pathways Out of Poverty	35,328,338	33,958,505
Other*	<u>3,289,553</u>	<u>2,592,911</u>
	<u>107,416,161</u>	<u>112,542,064</u>
Undiscounted grants payable, December 31	<u>\$ 38,420,159</u>	<u>\$ 52,517,607</u>

*Includes Exploratory, Special Projects and Matching Gifts Program.

G. Pension and Other Postretirement Benefits

The Foundation sponsors a qualified defined benefit pension plan covering substantially all employees along with an unfunded nonqualified plan for restoration of pension benefits lost due to statutory limitations imposed upon qualified plans. In addition, the Foundation sponsors an unfunded postretirement medical plan for all eligible employees. The qualified defined benefit pension plan is funded in accordance with the minimum funding requirements of the Employee Retirement Income Security Act.

Basic information is as follows:

Amounts in (\$000)	Pension Benefits		Postretirement Health-Care Benefits	
	2010	2009	2010	2009
Benefit obligation at December 31	\$ (40,165)	\$ (37,412)	\$ (11,399)	\$ (11,201)
Fair value of plan assets at December 31	<u>35,490</u>	<u>28,158</u>	<u>-</u>	<u>-</u>
Funded status at December 31	<u>\$ (4,675)</u>	<u>\$ (9,254)</u>	<u>\$ (11,399)</u>	<u>\$ (11,201)</u>
Amounts recognized in the statements of financial position:				
Prepaid benefit included with other assets	\$ -	\$ -	\$ -	\$ -
Accrued benefit liability included with accounts payable and other liabilities	<u>(4,675)</u>	<u>(9,254)</u>	<u>(11,399)</u>	<u>(11,201)</u>
Net amount recognized	<u>\$ (4,675)</u>	<u>\$ (9,254)</u>	<u>\$ (11,399)</u>	<u>\$ (11,201)</u>
Employer contributions	\$ 4,060	\$ 3,356	\$ 237	\$ 279
Benefit payments	\$ (864)	\$ (700)	\$ (237)	\$ (279)
Components of net periodic benefit cost:				
Service cost	\$ 1,317	\$ 1,290	\$ 450	\$ 576
Interest cost	2,120	1,941	663	662
Expected return on assets	(2,231)	(1,667)	-	-
Amortization of net loss	934	1,225	42	126
Amortization of prior service cost	<u>55</u>	<u>55</u>	<u>129</u>	<u>129</u>
Net periodic benefit cost	<u>\$ 2,195</u>	<u>\$ 2,844</u>	<u>\$ 1,284</u>	<u>\$ 1,493</u>

BENEFIT OBLIGATIONS

The accumulated benefit obligation of the nonqualified pension plan was \$3,916,779 and \$3,441,653 as of December 31, 2010 and 2009, respectively. The accumulated benefit obligation of the qualified plan was \$32,093,131 and \$29,192,602 as of December 31, 2010 and 2009, respectively.

The assumptions used in the measurement of the Foundation's benefit obligations and net periodic benefit costs are as follows:

	Pension Benefits		Postretirement Health-Care Benefits	
	2010	2009	2009	2009
Discount rate (benefit obligation)	5.50%	5.80%	5.50%	6.00%
Discount rate (net periodic cost)	5.80%	5.90%	6.00%	5.90%
Expected return on plan assets	8.00%	8.00%	N/A	N/A
Rate of compensation increase	5.00%	5.00%	N/A	N/A

For measurement purposes, an initial annual rate of 9% in the per capita cost of health care was used. The rate was assumed to decrease gradually each year to an ultimate rate of 5% by year 2017.

ASSET HOLDINGS

The investment strategy is to manage investment risk through prudent asset allocation that will produce a rate of return commensurate with the plan's obligations. The Foundation's expected long-term rate of return on plan assets is based upon historical and future expected returns of multiple asset classes as analyzed to develop a risk-free real rate of return for each asset class. The overall rate of return for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return and the associated risk premium.

A summary of asset holdings in the pension plan as of December 31, 2010, is as follows:

Asset Class	Percent of Assets	Target Allocation
Domestic stock	52.1%	50.6%
International stock	17.6%	16.9%
Real estate	5.7%	2.5%
Debt securities	24.6%	30.0%
Total	<u>100.0%</u>	

The following table presents the pension assets by level within the valuation hierarchy as of December 31, 2010:

Investment Type	Level 1	Level 2	Level 3	Total
Equity securities	\$ -	\$ 8,731,934	\$ -	\$ 8,731,934
Real estate	-	941,246	1,083,228	2,024,474
Debt securities	-	24,733,555	-	24,733,555
Total	<u>\$ -</u>	<u>\$ 34,406,735</u>	<u>\$ 1,083,228</u>	<u>\$ 35,489,963</u>

A summary of Level 3 activity for the year is as follows:

Balance, December 31, 2009	\$ 934,349
Unrealized gains	<u>148,879</u>
Balance, December 31, 2010	<u><u>\$ 1,083,228</u></u>

EXPECTED CONTRIBUTIONS

The Foundation expects to contribute \$4,419,440 to its pension plans and \$304,595 to its postretirement medical plan in 2011. For the unfunded plans, contributions are deemed equal to expected benefit payments.

EXPECTED BENEFIT PAYMENTS

The Foundation expects to pay the following amounts for pension benefits, which reflect future service as appropriate, and expected postretirement benefits, before deducting the Medicare Part D subsidy:

Year	Pension Plans	Postretirement Health-Care Benefits	Postretirement Medicare Part D Subsidy
2011	\$ 2,260,440	\$ 304,595	\$ 21,146
2012	2,314,440	341,511	27,273
2013	2,425,440	401,807	30,824
2014	2,521,440	468,502	37,711
2015	2,680,440	486,243	32,103
2016–2020	13,961,200	3,129,812	209,101

DEFINED CONTRIBUTION 401(K) PLAN

In addition to the above, the Foundation maintains a 401(k) defined contribution retirement plan for all eligible employees. The Foundation matches employee contributions up to \$3,000 per year. For the years ending December 31, 2010 and 2009, the Foundation contributed \$225,406 and \$225,916, respectively.

H. Subsequent Events

The Foundation evaluated its December 31, 2010, financial statements for subsequent events through August 7, 2011, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Administration & Investment Expenses

	Administration Total		Investment Total	
	2010	2009	2010	2009
Salaries	\$ 7,208,817	\$ 7,395,759	\$ 2,087,802	\$ 1,919,259
Other personnel costs	4,462,094	5,371,675	846,964	862,078
Operations	1,064,199	1,198,340	278,830	285,575
Professional fees	766,469	1,105,445	1,886,479	2,128,771
Travel and business expense	721,624	753,884	62,320	46,297
Publications and contract services	<u>214,655</u>	<u>266,724</u>	<u>–</u>	<u>–</u>
	<u><u>\$ 14,437,858</u></u>	<u><u>\$ 16,091,827</u></u>	<u><u>\$ 5,162,395</u></u>	<u><u>\$ 5,241,980</u></u>