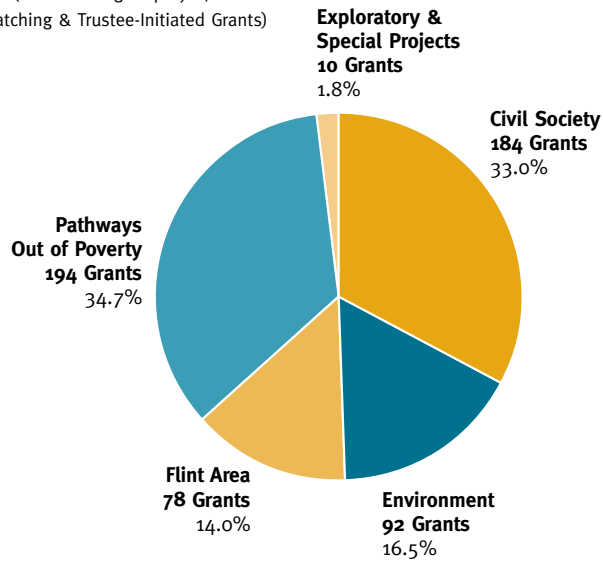


# PROFILE: 2008

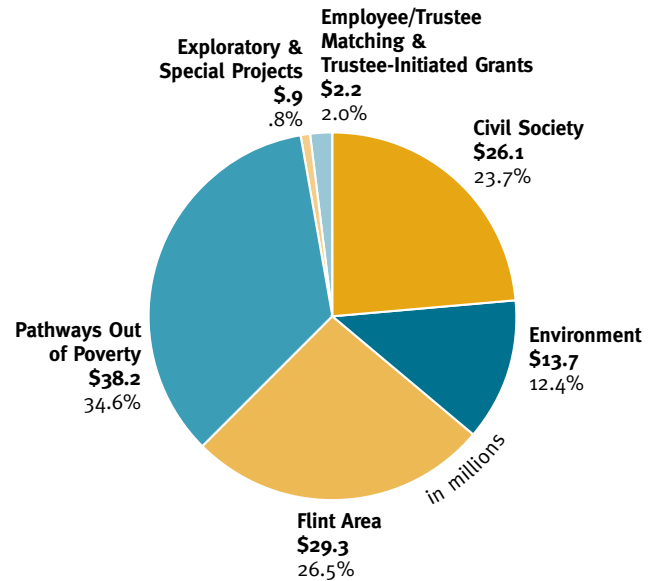
## GRANTMAKING ACTIVITIES

### Total: 558 Grants

(not including Employee/Trustee Matching & Trustee-Initiated Grants)

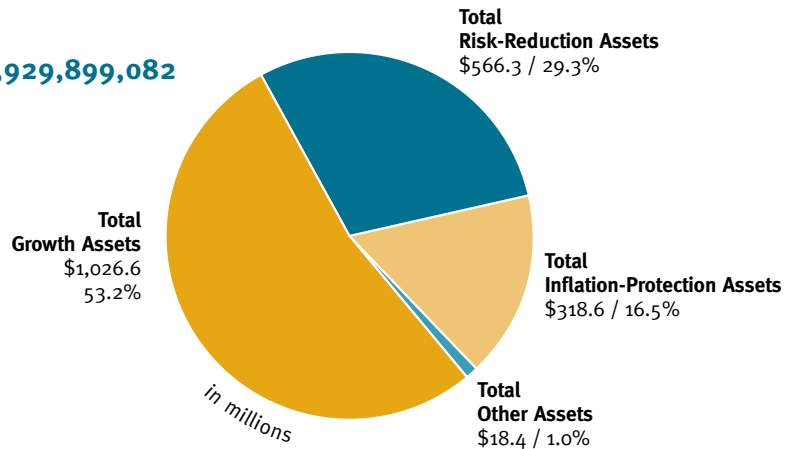


### Total: \$110,400,755



## ASSET ALLOCATION 12.31.08

### Total: \$1,929,899,082



## PROFILE: 10-YEAR STATISTICS

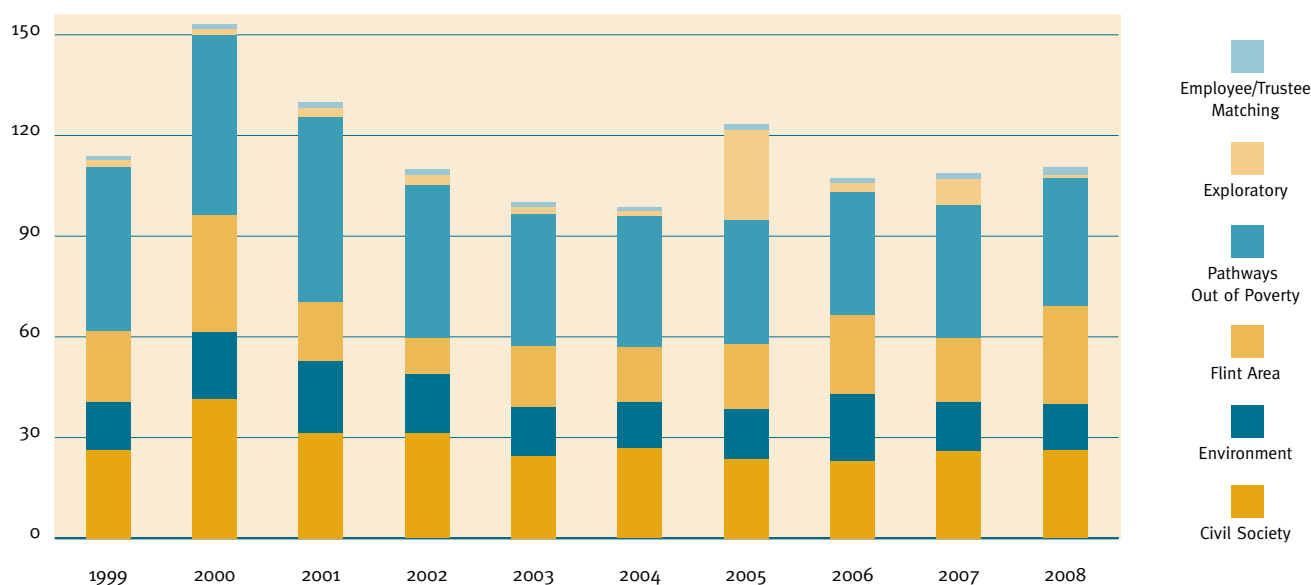
### 1999-2008 Selected Financial Information (in millions)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Total Assets - Market Value</b>	\$3,227.7	\$2,880.3	\$2,458.0	\$2,011.4	\$2,373.2	\$2,524.7	\$2,477.3	\$2,626.1	\$2,711.5	\$1,929.9
<b>Total Assets - 2008 Dollars</b>	4,031.7	3,480.0	2,924.4	2,337.5	2,707.1	2,789.1	2,646.3	2,735.8	2,713.9	1,929.9
<b>12-Month Rolling Average Assets</b>	2,649.5	3,243.5	2,542.3	2,153.0	2,133.6	2,361.9	2,407.0	2,507.0	2,707.4	2,380.2
<b>Total Dividends &amp; Interest</b>	63.7	72.5	69.3	64.0	56.8	58.4	53.2	64.6	75.3	51.4
<b>Dividends &amp; Interest - 2008 Dollars</b>	79.6	87.6	82.5	74.3	64.8	64.5	56.8	67.3	75.4	51.4
<b>Total Grants Awarded</b>	113.9	153.0	129.7	109.8	100.0	98.7	123.2	107.3	108.7	110.4
<b>Total Expenditures*</b>	137.0	162.9	131.1	128.0	124.8	136.3	132.1	142.7	158.2	100.6

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.

### 1999-2008 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, 2008 and 2007, 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 disclosures 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, 2008 and 2007, 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

July 29, 2009

# STATEMENTS OF FINANCIAL POSITION

Years Ended December 31,

	2008	2007
<b>Assets</b>		
Investments, at fair value:		
Equity securities	\$ 1,064,884,002	\$ 1,747,012,200
U.S. Government obligations	110,689,781	291,995,811
Corporate bonds	81,329,586	104,764,059
Limited partnerships	414,398,618	350,706,458
Investment deposits in transit	–	60,000,000
Cash equivalents	<u>240,231,068</u>	<u>134,646,226</u>
	1,911,533,055	2,689,124,754
Cash	5,217,757	6,404,619
Accrued interest and dividends	2,115,874	8,468,052
Land, building and improvements, net	3,846,285	3,867,923
Other assets	3,120,534	3,594,177
Deferred excise tax	<u>4,065,577</u>	–
<b>Total Assets</b>	<b><u>\$ 1,929,899,082</u></b>	<b><u>\$ 2,711,459,525</u></b>
<b>Liabilities and Unrestricted Net Assets</b>		
Grants payable	\$ 55,221,488	\$ 23,096,198
Accounts payable and other liabilities	30,144,257	15,832,469
Deferred excise tax	–	10,848,945
	<u>85,365,745</u>	<u>49,777,612</u>
<b>Unrestricted Net Assets</b>	<u>1,844,533,337</u>	<u>2,661,681,913</u>
<b>Total Liabilities and Unrestricted Net Assets</b>	<b><u>\$ 1,929,899,082</u></b>	<b><u>\$ 2,711,459,525</u></b>

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

# STATEMENTS OF ACTIVITIES

	Years Ended December 31,	
	2008	2007
<b>Income:</b>		
Dividends and Interest	\$ 51,447,976	\$ 75,300,006
Limited partnership income (loss)	(427,423)	17,344,323
Net realized gain on investments	16,383,158	265,880,245
Net unrealized loss on investments	(751,140,496)	(114,599,290)
Other income (expense)	(874,165)	1,081,260
	<u>(684,610,950)</u>	<u>245,006,544</u>
<b>Investment expenses:</b>		
Direct investment expenses	6,139,100	4,425,348
Provision for excise tax:		
Current	1,081,257	3,550,150
Deferred benefit	(14,914,522)	(2,264,041)
	<u>(7,694,165)</u>	<u>5,711,457</u>
<b>Net investment income (loss)</b>	(676,916,785)	239,295,087
<b>Grants and operating expenses:</b>		
Grants	108,707,163	111,819,476
Foundation-administered projects	1,160,652	634,465
Administration expenses	15,186,243	14,392,282
	<u>125,054,058</u>	<u>126,846,223</u>
Net operating income (loss)	(801,970,843)	112,448,864
<b>Other changes in unrestricted net assets:</b>		
Pension-related changes other than net periodic pension cost	(14,297,880)	(3,530,358)
Postretirement health-care related changes other than net periodic benefit cost	(879,853)	(2,721,598)
Change in unrestricted net assets	(817,148,576)	106,196,908
<b>Unrestricted net assets:</b>		
Beginning of year	2,661,681,913	2,555,485,005
End of year	<u>\$ 1,844,533,337</u>	<u>\$ 2,661,681,913</u>

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

# STATEMENTS OF CASH FLOWS

Years Ended December 31,

	2008	2007
<b>Cash flows from operating activities:</b>		
Change in unrestricted net assets	\$ (817,148,576)	\$ 106,196,908
Adjustments to reconcile change in unrestricted net assets to net cash used by operating activities:		
Net realized gain on investments	(16,383,158)	(265,880,245)
(Income) loss on limited partnerships	427,423	(17,344,323)
Net unrealized loss on investments	751,140,496	114,599,290
Excess value of donated securities included with grants	986,421	2,003,290
Loss on asset retirement	-	3,714
Depreciation expense	354,171	358,410
(Increase) decrease in accrued interest and dividends	6,352,178	(1,840,958)
Decrease in other assets	473,643	3,603,982
Increase in deferred excise tax asset	(4,065,577)	-
Increase (decrease) in grants payable	32,125,290	(23,085,269)
Increase in accounts payable and other liabilities	14,311,788	4,492,593
Decrease in deferred excise tax liability	(10,848,945)	(2,264,041)
Total adjustments	<u>774,873,730</u>	<u>(185,353,557)</u>
Net cash used by operating activities	<u>(42,274,846)</u>	<u>(79,156,649)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sales or redemptions of investments	893,524,747	1,372,786,983
Purchases of investments	(852,104,230)	(1,290,154,391)
Acquisition of building improvements	(332,533)	(90,841)
Net cash provided by investing activities	<u>41,087,984</u>	<u>82,541,751</u>
<b>Net increase (decrease) in cash</b>	(1,186,862)	3,385,102
Cash, beginning of year	<u>6,404,619</u>	<u>3,019,517</u>
Cash, end of year	<u>\$ 5,217,757</u>	<u>\$ 6,404,619</u>
<b>Supplemental schedule of noncash investing activities:</b>		
Investment trades payable at year end	<u>\$ 1,953,075</u>	<u>\$ 332,194</u>

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

## NOTES TO FINANCIAL STATEMENTS

### A. Mission and Grant Programs

The Charles Stewart Mort 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.

#### ESTIMATES

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

#### 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.

#### 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 18.6% investment in United States Sugar Corporation (“USSC”), a nonpublicly 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, 2008, the Foundation has \$831.3 million in outstanding limited partnership commitments, including both domestic and international partnerships.

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.

Effective January 1, 2008, the Foundation adopted SFAS 157, “Fair Value Measurements” (“SFAS 157”), which provides a framework for measuring fair value under generally accepted accounting principles. SFAS 157 defines fair value as the exchange price that would be received for an asset paid or 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. SFAS 157 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 I 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 includes, but is 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, 2008:

Investment Type	Level 1	Level 2	Level 3	Total
Equity securities	\$ 766,836,787	\$ –	\$ 298,047,215	\$ 1,064,884,002
U.S. Government obligations	110,689,781	–	–	110,689,781
Corporate bonds	81,329,586	–	–	81,329,586
Limited partnerships	–	–	414,398,618	414,398,618
Cash equivalents	240,231,068	–	–	240,231,068
Total	<u>\$ 1,199,087,222</u>	<u>\$ –</u>	<u>\$ 712,445,833</u>	<u>\$ 1,911,533,055</u>

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

<b>Balance, December 31, 2007</b>	\$ 579,565,848
Purchases	323,369,268
Sales	(27,266,257)
Transfers - donated securities	(1,010,880)
Realized losses	(850,160)
Unrealized losses	<u>(161,361,986)</u>
<b>Balance, December 31, 2008</b>	<u>\$ 712,445,833</u>

### 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 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. Assets with a cost basis of \$19,957 and \$135,792, along with related accumulated depreciation, were retired during 2008 and 2007, respectively.

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:

	2008	2007
Land	\$ 397,852	\$ 397,852
Building and improvements	8,596,781	8,284,205
Less accumulated depreciation	<u>(5,148,348)</u>	<u>(4,814,134)</u>
	<u>\$ 3,846,285</u>	<u>\$ 3,867,923</u>

### RECENT ACCOUNTING PRONOUNCEMENTS

In December 2008, the Financial Accounting Standards Board issued FASB Staff Position (FSP) FIN 48-3, "Effective Date of FASB Interpretation 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48 (Interpretation 48), "Accounting for Uncertainty in Income Taxes," to its annual financial statements for fiscal years beginning after December 15, 2008. The Foundation has elected to defer the application of Interpretation 48 for the year ended December 31, 2008. The Foundation evaluates its uncertain tax positions using the provisions of FASB 5, "Accounting for Contingencies." Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain

tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized.

## RECLASSIFICATIONS

Certain amounts in the 2007 statements have been reclassified to conform to the 2008 presentation.

### C. Investments

Investments held at December 31, 2008 and 2007, were as follows (in thousands):

	2008		2007	
	Market Value	Cost Basis	Market Value	Cost Basis
Equity securities	\$ 1,064,884	\$ 1,182,304	\$ 1,747,012	\$ 1,260,994
U.S. Government obligations	110,690	107,124	291,996	278,588
Corporate bonds	81,329	83,600	104,764	103,214
Limited partnerships	414,399	492,220	350,706	297,543
Investment deposits in transit	—	—	60,000	60,000
Cash equivalents	<u>240,231</u>	<u>240,210</u>	<u>134,646</u>	<u>134,646</u>
	<u>\$ 1,911,533</u>	<u>\$ 2,105,458</u>	<u>\$ 2,689,124</u>	<u>\$ 2,134,985</u>

### D. 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 2% for 2008 and 1% for 2007. 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.

	2008	2007
Excise tax payable (receivable)	\$ (1,101,746)	\$ 190,366
Deferred excise tax (asset) liability	<u>(4,065,577)</u>	<u>10,848,945</u>
	<u>\$ (5,167,323)</u>	<u>\$ 11,039,311</u>

Excise tax payments of \$2,470,000 and \$3,360,000 were paid in 2008 and 2007, 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, 2008, the Foundation made qualifying distributions less than the required minimum distribution of approximately \$22.7 million. The Foundation has \$36.7 million in prior year excess distributions to offset against this amount, resulting in a net accumulated overdistribution of \$14.0 million to be carried forward to 2009.

## E. Grants Payable

Grants payable at December 31, 2008, are expected to be paid as follows:

PROGRAMS	Payable in Year Ending December 31,				Total
	2009	2010	2011	2012-13	
Civil Society	\$ 12,571,431	\$ 2,844,000	\$ 382,500	\$ 60,000	\$ 15,857,931
Environment	6,186,480	916,250	50,000	50,000	7,202,730
Flint Area	9,558,469	317,000	—	—	9,875,469
Pathways Out of Poverty	16,030,565	4,721,049	1,696,250	50,000	22,497,864
Other*	<u>360,000</u>	<u>200,000</u>	<u>—</u>	<u>—</u>	<u>560,000</u>
Grants payable	44,706,945	8,998,299	2,128,750	160,000	55,993,994
Less: Unamortized discount	<u>—</u>	<u>557,563</u>	<u>194,759</u>	<u>20,184</u>	<u>772,506</u>
	<u>\$ 44,706,945</u>	<u>\$ 8,440,736</u>	<u>\$ 1,933,991</u>	<u>\$ 139,816</u>	<u>\$ 55,221,488</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 \$1,621,324 and \$1,485,000 as of December 31, 2008 and 2007, respectively.

Grant activity for the years ended December 31, 2008 and 2007, was as follows:

	2008	2007
Undiscounted grants payable, January 1	\$ 23,972,796	\$ 50,819,966
Grants approved	<u>110,264,431</u>	<u>109,021,540</u>
	<u>134,237,227</u>	<u>159,841,506</u>
Less grants paid by program:		
Civil Society	20,530,169	25,702,358
Environment	9,281,607	16,835,813
Flint Area	20,473,509	20,504,471
Pathways Out of Poverty	25,031,921	45,312,779
Other*	<u>2,926,027</u>	<u>27,513,289</u>
	<u>78,243,233</u>	<u>135,868,710</u>
Undiscounted grants payable, December 31	<u>\$ 55,993,994</u>	<u>\$ 23,972,796</u>

\* Includes Exploratory, Special Projects, and Matching Gifts Program.

## F. 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	
	2008	2007	2008	2007
Benefit obligation at December 31	\$ (33,673)	\$ (28,821)	\$ (11,362)	\$ (9,502)
Fair value of plan assets at December 31	<u>20,444</u>	<u>28,085</u>	<u>—</u>	<u>—</u>
Funded status at December 31	<u>\$ (13,229)</u>	<u>\$ (736)</u>	<u>\$ (11,362)</u>	<u>\$ (9,502)</u>
Amounts recognized in the statements of financial position:				
Prepaid benefit included with other assets	\$ —	\$ 1,786	\$ —	\$ —
Accrued benefit liability included with accounts payable and other liabilities	<u>(13,229)</u>	<u>(2,522)</u>	<u>(11,362)</u>	<u>(9,502)</u>
Net amount recognized	<u>\$ (13,229)</u>	<u>\$ (736)</u>	<u>\$ (11,362)</u>	<u>\$ (9,502)</u>
Employer contributions	\$ 2,661	\$ 4,289	\$ 245	\$ 271
Benefit payments	\$ (520)	\$ (540)	\$ (245)	\$ (271)
Components of net periodic benefit cost:				
Service cost	\$ 1,214	\$ 1,248	\$ 468	\$ 511
Interest cost	1,834	1,606	558	541
Expected return on assets	(2,316)	(1,926)	—	—
Amortization of net loss	69	94	71	105
Amortization of prior service cost	<u>55</u>	<u>55</u>	<u>129</u>	<u>128</u>
Net periodic benefit cost	<u>\$ 856</u>	<u>\$ 1,077</u>	<u>\$ 1,226</u>	<u>\$ 1,285</u>

## BENEFIT OBLIGATIONS

The accumulated benefit obligation of the nonqualified pension plan was \$2,273,002 and \$1,944,225 as of December 31, 2008 and 2007, respectively. The accumulated benefit obligation of the qualified plan was \$26,593,373 and \$22,373,416 as of December 31, 2008 and 2007, 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	
	2008	2007	2008	2007
Discount rate (benefit obligation)	5.90%	6.50%	5.90%	6.50%
Discount rate (net periodic cost)	6.50%	5.90%	6.50%	6.00%
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 10% in the per capita cost of health care was used. The rate was assumed to decrease gradually each year to an ultimate rate of 5.00% by year 2015.

### 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, 2008, is as follows:

Asset Class	Percent of Assets
Domestic stock	48.4%
International stock	15.6%
Real estate	9.0%
Debt securities	27.0%
<b>TOTAL</b>	<u>100.0%</u>

### EXPECTED CONTRIBUTIONS

The Foundation expects to contribute \$3,213,440 to its pension plans and \$306,298 to its postretirement medical plan in 2009. 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
2009	\$ 1,527,440	\$ 306,298	\$ 22,628
2010	1,596,440	340,400	23,585
2011	1,986,440	368,595	19,746
2012	2,023,440	425,715	20,209
2013	2,126,440	481,138	27,171
2014-2018	12,100,200	3,294,500	257,098

### 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, 2008 and 2007, the Foundation contributed \$234,204 and \$227,873, respectively.

## ADMINISTRATION & INVESTMENT EXPENSES

	Administration Total		Investment Total	
	2008	2007	2008	2007
Salaries	\$ 7,237,746	\$ 7,333,885	\$ 2,639,928	\$ 1,354,562
Other personnel costs	3,513,709	3,783,606	566,497	481,905
Operations	1,370,998	1,170,518	394,599	545,921
Professional fees	1,759,770	964,406	2,407,962	1,993,268
Travel and business expense	1,034,795	867,263	130,114	49,692
Publications and contract services	269,225	272,604	—	—
	<u>\$ 15,186,243</u>	<u>\$ 14,392,282</u>	<u>\$ 6,139,100</u>	<u>\$ 4,425,348</u>