The Lynde and Harry Bradley Foundation, Inc.

Financial Statements as of and for the Years Ended December 31, 2010 and 2009, and Independent Auditors' Report

THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Lynde and Harry Bradley Foundation, Inc.:

We have audited the accompanying statements of financial position of The Lynde and Harry Bradley Foundation, Inc. (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. 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.

As discussed in Note 2 to the financial statements, the financial statements include investments valued at $206,036,000 (32% of total assets) and $253,972,000 (39% of total assets) as of December 31, 2010 and 2009, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on periodic financial statements received from fund managers.

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

Deloitte & Touche LLP

June 13, 2011

THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010 AND 2009
(Dollar in thousands)

	2010	2009
ASSETS		
CASH AND CASH EQUIVALENTS	$ 18,432	$ 45,326
ACCRUED INCOME RECEIVABLE	563	537
TAXES RECEIVABLE	-	700
NOTES RECEIVABLE	12	12
PENDING TRADE RECEIVABLE	70,017	30
COLLATERAL HELD FOR SECURITIES LOANED	-	29,726
INVESTMENTS — At fair value (cost of $479,928 and $470,605 at December 31, 2010 and 2009, respectively):		
Fixed income mutual funds	-	32,210
Government and agency obligations	37,925	3,725
Corporate bonds	8,763	24,040
Mortgage-backed securities	9,836	6,594
Other asset-backed securities	4,280	4,244
Common and preferred stocks	257,022	246,221
Alternative investments	218,823	253,972
Other	795	751
Total investments	537,444	571,757
PROGRAM RELATED INVESTMENT	2,500	2,500
LAND, BUILDINGS, FURNITURE, AND FIXTURES — Net	3,248	3,445
TOTAL	$632,216	$654,033
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accrued expenses	$ 1,349	$ 1,320
Grants payable	7,879	10,312
Due to brokers for securities purchased	472	22,090
Payable under securities loan agreements	-	29,776
Total liabilities	9,700	63,498
NET ASSETS:		
Unrestricted	590,332	560,535
Temporarily restricted	32,184	30,000
Total net assets	622,516	590,535
TOTAL	$632,216	$654,033

See notes to financial statements.

THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010
(Dollar in thousands)

	Unrestricted	Temporarily Restricted	Total
REVENUES AND GAINS:			
Investment activity:			
Interest and dividend income	$ 8,868	$ 462	$ 9,330
Realized gain on investments	59,700	3,073	62,773
Unrealized gain on investments	8,394	326	8,720
Investment expenses	(3,271)	-	(3,271)
Total investment activity	73,691	3,861	77,552
Donor intent contributions	1,266	-	1,266
Net assets released from restrictions	1,677	(1,677)	-
Total revenues and gains	76,634	2,184	78,818
GRANTS AND EXPENSES:			
Grants approved for charitable purposes — net	39,908	-	39,908
General and administrative	6,150	-	6,150
Excise and income taxes	779	-	779
Total grants and expenses	46,837	-	46,837
INCREASE IN NET ASSETS	29,797	2,184	31,981
NET ASSETS:			
Beginning of year	560,535	30,000	590,535
End of year	$ 590,332	$ 32,184	$ 622,516

See notes to financial statements.

THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(Dollar in thousands)

	Unrestricted	Temporarily Restricted	Total
REVENUES AND GAINS:			
Investment activity:			
Interest and dividend income	$ 8,823	$ -	$ 8,823
Realized loss on investments	(25,376)	-	(25,376)
Unrealized gain on investments	159,738	-	159,738
Investment expenses	(2,311)	-	(2,311)
Total investment activity	140,874	-	140,874
Contributions	-	30,000	30,000
Donor intent contributions	876	-	876
Total revenues and gains	141,750	30,000	171,750
GRANTS AND EXPENSES:			
Grants approved for charitable purposes — net	38,733	-	38,733
General and administrative	6,459	-	6,459
Excise and income taxes	239	-	239
Total grants and expenses	45,431	-	45,431
INCREASE IN NET ASSETS	96,319	30,000	126,319
NET ASSETS:			
Beginning of year	464,216	-	464,216
End of year	$ 560,535	$ 30,000	$ 590,535

See notes to financial statements.

THE LYNDE AND HARRY BRADLEY FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Dollar in thousands)

	2010	2009
OPERATING ACTIVITIES:		
Increase in net assets	$ 31,981	$ 126,319
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	197	270
Net realized (gains) losses on investments	(62,773)	25,376
Net unrealized gains on investments	(8,720)	(159,738)
Increase in accrued income receivable	(26)	(30)
Decrease in taxes receivable	700	36
(Decrease) increase in due to/from brokers for securities purchased/sold and pending trades receivable — net	(21,581)	22,443
Increase (decrease) in accrued expenses	29	(331)
Decrease in grants payable	(2,433)	(5,489)
Net cash (used in) provided by operating activities	(62,626)	8,856
INVESTING ACTIVITIES:		
Proceeds from the sale of investments	537,889	205,749
Purchase of investments	(502,157)	(192,226)
Payment received from program related investment	-	2,500
Purchase of property and equipment	-	(75)
Net cash provided by investing activities	35,732	15,948
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(26,894)	24,804
CASH AND CASH EQUIVALENTS:		
Beginning of year	45,326	20,522
End of year	$ 18,432	$ 45,326
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for interest	$ -	$ 3
Cash payments for excise and income taxes	$ 1	$ 173

See notes to financial statements.

1. ORGANIZATION AND PURPOSE

The Lynde and Harry Bradley Foundation, Inc. (the "Foundation"), a nonprofit organization, was incorporated under the laws of Wisconsin on June 29, 1942, to raise, invest and reinvest money, and devote the principal and net earnings therefrom perpetually and exclusively for charitable, scientific, literary, and educational purposes. The programs and funding decisions of the Foundation are the responsibility of the Foundation's board of directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and comply with the guidance in the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Foundation and changes therein that are not subject to donor-imposed stipulations are classified as unrestricted net assets.

Use of Estimates — Management of the Foundation has made a number of estimates and assumptions relating to the reporting of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, gains, grants, and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents — Cash equivalents consist of short-term highly liquid instruments purchased with an original maturity date of three months or less. Such instruments are valued at cost, which approximates market value.

Investments — Investment transactions are recorded on the trade date. Realized gains and losses on sales of investments are determined on the specific identification basis and include the effects of currency transactions related to holdings of foreign securities. Investments, including derivative instruments and hedge funds, are generally recorded at fair value based upon quoted market prices. If quoted market prices are not available, fair value is based upon the net asset value in the audited financial statements of the investments. Private equity investments without quoted market prices are reported at the lower of cost or fair value. Fair value for certain private equities is determined in good faith using procedures approved by the Foundation's board of directors. However, because of the inherent uncertainty of valuation, the estimated fair values for investments without quoted market prices may differ significantly from the values that would have been used had a ready market for the investments existed. These differences could be material.

The Foundation establishes a valuation allowance against investments without quoted market prices when the estimated fair value of an investment is less than the Foundation's cost. If a private equity is determined to be permanently impaired, it is written down to its net realizable value. The net realizable value then becomes its new cost basis.

The Foundation's investments denominated in foreign currencies are translated into U.S. dollars as follows: (1) securities, financial instruments, and other assets and liabilities denominated in a foreign currency are translated on the last business day of each month at the spot exchange rate; (2) forward foreign currency contracts are marked to market or net settlement value on the last business day of each month; and (3) purchases, sales, income, and expenses are translated at the spot exchange rate prevailing on the respective dates of such transactions. The effect of changes in foreign currency exchange rates on investments denominated in foreign currencies are included in the statement of activities as a component of unrealized gain (loss) on investments.

Program Related Investment — The Foundation invests in projects that advance philanthropic purposes. In 2008, the Foundation made a program related investment in the form of a loan to a private foundation in the amount of $5,000,000. In 2009, a payment of $2,500,000 was received and the loan amount was amended to $2,500,000.

Land, Buildings, Furniture, and Fixtures — Land, buildings, furniture, and fixtures are stated at cost as of the date of acquisition. Depreciation of buildings and furniture and fixtures is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Assets	**Years**
Buildings	30
Land improvements	10
Furniture and fixtures	10

The cost of office equipment is consistently charged to expense because the Foundation does not deem such amounts sufficiently material to warrant capitalization and depreciation. The Foundation recorded $197,000 and $270,000 of depreciation expense in 2010 and 2009, respectively.

Grants Payable — Unconditional grants, authorized by the Foundation's board of directors but not yet paid, are reported as liabilities to be paid in future years.

Federal Income Tax — The Foundation has received a determination letter from the Internal Revenue Service indicating that it is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). The Foundation is, however, subject to federal income taxes on any net unrelated business income under the provisions of Section 511 of the Code.

On January 1, 2009, the Foundation adopted accounting standards related to Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes* (formerly Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Income tax positions must meet a more likely-than-not recognition threshold at the effective date to be recognized upon the adoption of ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The adoption of ASC 740 had no significant impact on the Foundation's financial statements. In the event the Foundation were to recognize interest and penalties related to uncertain tax positions, it would be recognized in the financial statements as an income tax expense. Tax years 2007 through 2010 are open to examination by the federal taxing authorities. The federal taxing authority is the Foundation's material jurisdiction. There are no income tax examinations currently in process.

Federal Excise Tax and Distribution Requirements — The Foundation is subject to an excise tax on net investment income, including realized gains, as defined in the Code. The excise tax is 2% for foundations but is reduced to 1% if certain distribution requirements are met. The Foundation recognized excise tax at a rate of 1% in 2010 and 2009 and an excise tax payable of $158,500 at December 31, 2010 and an excise tax receivable of $700,000 at December 31, 2009.

In addition, certain minimum annual qualifying distributions are to be made approximating 5% of average net investment assets, less the excise tax on investment income. Meeting the minimum distribution requirement avoids a 30% excise tax on the difference between the distributed amount and the required minimum distribution.

During 2010 and 2009, the Foundation exceeded its minimum distribution requirements by approximately $18,849,000 and $23,315,000, respectively. At December 31, 2010, total excess qualifying distributions available from 2010 and prior years to be carried forward are approximately $40,898,000 and expire as follows (in thousands):

Years Ending December 31	
2014	$ 22,049
2015	18,849
Total	$ 40,898

Contributions and Donor Restrictions — The Foundation reports contributions of cash and other assets as unrestricted or as restricted depending on the existence of donor stipulations that limit the use of support. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Temporarily Restricted Net Assets — Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Restrictions on Net Assets — During the year ended December 31, 2009, a temporarily restricted contribution of $30,000,000 was received. At December 31, 2009 and 2010, temporarily restricted net assets may be used by the Foundation for distribution to designated schools or other charitable organizations for scholarships.

New Accounting Pronouncements — In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, *Fair Value Measurements and Disclosures*, which amends ASC 820, *Fair Value Measurements and Disclosures*, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Foundation prospectively adopted the new guidance in 2010, except for the Level 3 reconciliation disclosures, which are required in 2011. The adoption in 2010 did not materially affect, and the future adoption is not expected to materially affect, the Foundation’s financial statements.

3. INVESTMENTS

International Securities and Foreign Currency Contracts — The Foundation's investments in international securities are denominated in various foreign currencies and therefore are subject to fluctuations in foreign currency exchange rates. At times, the Foundation enters into forward currency contracts whereby the Foundation agrees to exchange one currency for another on an agreed-upon date at an agreed-upon exchange rate in the future. The Foundation enters into these contracts primarily to hedge its foreign currency exposure related to international holdings. Foreign currency contracts are recorded at fair market value based upon net settlement amount. Such contracts involve, to varying degrees, risk of loss associated with the inability of counterparties to meet the terms of their contracts. Changes in the value of forward currency contracts are recognized as unrealized gains or losses until such contracts are closed. The maturities of those contracts are generally less than nine months. Unrealized gains (losses) on open foreign currency exchange contracts at December 31, 2010 and 2009, were $740 and $25,400, respectively. Net realized and unrealized gains (losses) on foreign currency exchange contracts recognized in the statement of activities were $430,000 and $1,170, respectively, during the year ended December 31, 2010, and $(168,000) and $400, respectively, during the year ended December 31, 2009.

Securities Lending Activities — The Foundation had security lending arrangements with The Northern Trust Company ("Northern") whereby certain of the Foundation's marketable securities were loaned to designated counterparties (borrowers) in exchange for acceptable collateral (cash, government securities, and irrevocable letters of credit). Such arrangements involved risk of loss arising from the potential nonperformance of the borrowers. The minimum collateral required was 102% of the market value of the securities on loan at the time of initiating the loan. On a daily basis, securities on loan were marked to market and collateral levels were adjusted to maintain a minimum of 102% of the loan. Northern or a third-party agent held collateral in custody. On December 13, 2010, the security lending arrangement was terminated.

The market value of the loaned securities was $28,825,000 at December 31, 2009. In exchange for loaned securities, the Foundation received cash collateral of $29,776,000 and noncash collateral of $0 at December 31, 2009. The collateral was pooled with other clients of the Northern Trust Core USA Collateral Pool and was invested in cash and cash equivalents, agencies, bonds, and mortgage-backed securities. At December 31, 2009, the Foundation's interest in the collateral pool was $29,726,000. The income earned from securities lending activities was $53,000 and $78,000 for the years ended December 31, 2010 and 2009, respectively.

Other-Than-Temporary Impairment of Investments — Summarized by security type, the unrealized losses and related fair value of the investments for which fair value is less than cost at December 31, 2010 and 2009, are as follows (in thousands):

	December 31, 2010 (Less Than 12 Months)		December 31, 2010 (More Than 12 Months)	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. government and agency obligations	$ 1,286	$ (52)	$ -	$ -
Corporate bonds	4,750	(96)	251	(61)
Mortgage and other asset-backed securities	4,198	(102)	2,303	(589)
Common and preferred stocks	16,163	(952)	1,539	(242)
Alternative investments	9,630	(643)	67,560	(14,234)
Total	$ 36,027	$ (1,845)	$ 71,653	$ (15,126)

	December 31, 2009 (Less Than 12 Months)		December 31, 2009 (More Than 12 Months)	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Fixed income mutual funds	$ -	$ -	$ -	$ -
U.S. government and agency obligations	3,721	(58)	4	(1)
Corporate bonds	495	(11)	946	(137)
Mortgage and other asset-backed securities	3,000	(68)	2,967	(1,017)
Common and preferred stocks	15,817	(1,189)	45,688	(9,441)
Alternative investments	3,220	(418)	63,682	(21,271)
Total	$ 26,253	$ (1,744)	$ 113,287	$ (31,867)

Management does not believe there is any material amount of investments that are permanently impaired. The unrealized losses on fixed income investments (fixed income mutual funds, U.S. government and agency obligations, corporate bonds, and mortgage and other asset-backed securities) were caused by credit market conditions which have improved over the past two years. The unrealized losses on common and preferred stocks relate primarily to general market conditions. The Foundation maintains oversight of the investment managers and does not consider these investments to be other-than-temporarily impaired at December 31, 2010. The Foundation's investment in alternative investments includes investments in private equities, real assets and hedge funds. The private equity investments are illiquid assets, subject to volatility, and because the Foundation is committed to hold these investments for the duration of the partnership, and no events have occurred to cause the Foundation to believe this value will not recover, the Foundation does not consider these investments to be other-than-temporarily impaired at December 31, 2010.

4. FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurements and Disclosures* (formerly FASB Statement No. 157, *Fair Value Measurements*) (ASC 820) defines fair value, establishes a framework for measuring fair value under accounting principles generally accepted in the United States of America, and expands disclosures about fair value measurements. ASC 820 clarifies that fair value is the price that the Foundation would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 — Observable inputs such as quoted prices in active markets

Level 2 — Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly

Level 3 — Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

The following table summarizes the valuation of the Foundation's assets and liabilities by the above fair value hierarchy levels as of December 31, 2010 and 2009 (in thousands):

	2010			
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and cash equivalents	$ 18,432	$ 18,432	$ -	$ -
U. S. government and agency obligations	37,925	-	37,925	-
Corporate bonds	8,763	-	8,763	-
Mortgage-backed securities	9,836	-	9,836	-
Other asset-backed securities	4,280	-	4,280	-
Common and preferred stocks	257,022	172,159	84,863	-
Alternative investments	218,823	12,787	140,748	65,288
Other	795	305	-	490
Total	$ 555,876	$ 203,683	$ 286,415	$ 65,778

		2009		
		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Cash and cash equivalents	$ 45,326	$ 45,326	$ -	$ -
Fixed income mutual funds	32,210	32,210	-	-
U. S. government and agency obligations	3,725	-	3,725	-
Corporate bonds	24,040	-	24,040	-
Mortgage-backed securities	6,594	-	6,594	-
Other asset-backed securities	4,244	-	4,244	-
Common and preferred stocks	246,221	176,259	69,961	1
Alternative investments	253,972	-	198,282	55,690
Other	751	244	-	507
Collateral held for securities loaned	29,726	-	29,726	-
Total	$ 646,809	$ 254,039	$ 336,572	$ 56,198

The changes in assets and liabilities measured at fair value for which the Foundation has used significant unobservable inputs (Level 3) to determine fair value are as follows (in thousands):

Balance — January 1, 2009	$ 59,070
Total gains or losses (realized and unrealized)	(1,364)
Transfers in and/or out of Level 3	(9,916)
Net purchases and sales	8,408
Balance — December 31, 2009	56,198
Total gains or losses (realized and unrealized)	3,232
Transfers in and/or out of Level 3	1,194
Net purchases and sales	5,154
Balance — December 31, 2010	$ 65,778

The transfers out of Level 3 securities during 2009 were primarily due to the adoption of ASU 2009-12, *Fair Value Measurements and Disclosures — Investments in Certain Entities that Calculate Net Asset Value per Share (or Equivalent)* ("ASU 2009-12"), during the year ended December 31, 2009. ASU 2009-12 provides additional guidance on how the fair value of alternative investments that calculate a net asset value per share should be classified within the fair value hierarchy. The additional guidance clarifies that investments calculated using a net asset value are categorized as Level 2 unless there are redemption restrictions.

The following table summarizes the fair value measurements in alternative investments and commingled fund investments calculated using a net asset value (or its equivalent) and their redemption restrictions (in thousands):

2010

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global bond fund (a)	$ 31,782	$ -	monthly	10 days
International equity funds (b)	46,727	-	daily	none
Emerging markets (c)	38,136	-	daily	10 days
Commodities (d)	28,427	-	monthly	10 days
Global real estate investment trust (e)	29,111	-	monthly	30 days
Timber (f)	15,870	2,980		
Long/short hedge funds (g)	32,151	-	monthly, quarterly, annually	30–90 days
Event driven hedge funds (h)	21,929	-	quarterly, annually	45–60 days
Arbitrage hedge funds (i)	6,475	-	quarterly, annually	60–75 days
Credit/distressed hedge funds (j)	7,128	-	quarterly, annually	60–90 days
Global macro hedge funds (k)	4,437	-	monthly	10–90 days
Multi strategy hedge funds (l)	15,603	-	monthly, quarterly, semi-annually	45–90 days
Private equity funds (m)	43,711	40,455		
Total	$ 321,487	$ 43,435		

2009

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
High-yield bond fund (n)	$ 19,951	$ -	monthly	30 days
International equity funds (b)	34,132	-	monthly	7 days
Emerging markets (c)	35,408	-	daily	10 days
Commodities (d)	19,290	-	monthly	10 days
Global real estate investment trust (e)	22,637	-	monthly	30 days
Timber (f)	15,068	-		
Long/short hedge funds (g)	18,795	- -	monthly, quarterly, annually	30–90 days
Event driven hedge funds (h)	9,700	-	quarterly, annually	45–60 days
Arbitrage hedge funds (i)	6,071	-	quarterly, annually	60–75 days
Credit/distressed hedge funds (j)	3,133	-	monthly, annually	90 days
Global macro hedge funds (k)	3,581	-	monthly	10–90 days
Multi strategy hedge funds (l)	4,096	-	monthly, quarterly,	60-90 days
General hedge fund (o)	114,812	-	quarterly	30 days
Private equity funds (m)	36,789	42,508		
Total	$ 343,463	$ 42,508		

(a) This category invests in global government and corporate bonds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(b) This category invests in equity securities of companies in developed markets outside of the U.S. and Canada. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(c) This category invests in equity securities in developing markets. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(d) This category invests in “hybrid instruments” that are commodity-linked derivative investments, mainly structured notes, swaps, futures contracts, options, and investment-grade and noninvestment grade corporate bonds and notes, securities issued or guaranteed by the U.S. government or its agencies and instrumentalities (including mortgage-backed securities), forward rolls, repurchase agreements, forward contracts, and asset-backed securities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(e) This category invests in income-producing real estate equity securities of real estate companies located primarily in Europe, Australia, Asia, and North America. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(f) The category invests in timber in primary regions around the United States and some locations around the world. Investments diversify by species, age class, end use, and location. This investment cannot be redeemed by the Foundation. Rather, the Foundation committed amounts to the timber funds. The nature of the investments are that distributions are received through the liquidation of the underlying assets of the timber funds. It is estimated that the underlying assets of the timber fund will be liquidated over the next 15 years.

(g) This category includes investments in hedge funds that invest both long and short in U.S. equity markets or in a single economic sector or in global and global ex-U.S. equity markets. Management of the hedge funds vary in their use of short selling and leverage as well as their investment process (growth or value). The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(h) This category includes investments in hedge funds whose positions are predominately designed to capture “spreads” between security prices resulting from corporate mergers and acquisitions. Management of the hedge funds vary in their use of leverage, hedging, and focus on nonmerger areas including distressed and special situations. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(i) This category includes investments in hedge funds that invest in long and short positions in closely related securities with the goal of capturing the convergence of pricing anomalies. Management of the hedge funds employ one or more of the following strategies including: convertible arbitrage, event arbitrage, fixed income arbitrage, closed-end fund arbitrage, statistical pairs trading, index arbitrage, intra-capital arbitrage, and derivative arbitrage. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(j) This category includes investments in hedge funds that invest in positions in the public and private debt and equity of companies in financial distress. Management of the hedge funds vary in their focus on early versus late stage situations, senior versus subordinated levels on the capital structure and nontraditional areas including high-yield bonds and emerging markets debt. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(k) This category includes investments in hedge funds that have a wide mandate. Managers of the hedge funds have the ability to take positions in any market or instrument. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(l) This category includes investments in hedge funds that invest in a combination of securities, including fixed-income and equity securities to generate both capital appreciation and current income. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(m) This category includes private equity funds that invest in venture capital, buyouts, distressed, and other opportunistic funds. The fair values of the investments in this category have been estimated based on the capital account value provided by the fund manager. The fair values have been estimated by the fund manager in the absence of readily determinable fair values. These investments cannot be redeemed by the Foundation. Rather, the Foundation has committed an amount to invest in the private equity funds over the commitment period, which ends in 10 years. After the commitment period has ended, the nature of the investments in this category is that distributions are received through the liquidation of the underlying assets of the private equity funds. It is estimated that the underlying assets of the private equity funds will be liquidated over the next 10 years.

(n) This category invests in high-yield debt and related securities. The fair values of the investments in this category have been estimated using the net asset value per share of the investments.

(o) This category includes an investment with the ability to invest globally in wide ranges of securities. The investment strategy is primarily long only in concentrated investments. The fair value of the investment in this category has been estimated using the ownership interest in partners' capital to which a proportionate share of net assets is attributed.

5. ALTERNATIVE INVESTMENTS

Alternative investments as of December 31, 2010 and 2009, consist of the following (dollar in thousands):

	2010	2009
Hedge funds	$ 88,917	$ 160,188
Real assets and treasury inflation-protected securities	86,195	56,995
Private equity	43,711	36,789
Total	$ 218,823	$ 253,972

The Foundation redeemed a hedge fund at the end of the year generating a pending trade receivable of $70,017,000 at December 31, 2010.

6. LAND, BUILDINGS, FURNITURE, AND FIXTURES

Land, buildings, furniture, and fixtures as of December 31, 2010 and 2009, are comprised of the following (dollar in thousands):

	2010	2009
Land and land improvements	$ 530	$ 530
Buildings and building improvements	4,876	4,876
Furniture and fixtures	1,041	1,041
	6,447	6,447
Less accumulated depreciation	3,199	3,002
Total	$ 3,248	$ 3,445

7. GRANTS

Unconditional grants approved for charitable purposes during 2010 and 2009 are summarized as follows (dollar in thousands):

	2010	2009
Total grants approved for charitable purposes	$ 39,913	$ 39,021
Returned or cancelled grants	(5)	(288)
Grants approved for charitable purposes — net	$ 39,908	$ 38,733

Grants payable as of December 31, 2010, are payable within one year.

8. DONOR INTENT PROGRAM

In 2002, the Foundation established a Donor Intent Program whereby unrestricted contributions are received from independent donors. Donors are permitted to recommend that grants be made to organizations that are qualified as a public charity under Section 501(c)(3) of the Internal Revenue Code in an amount up to the donor’s contribution. Although guided by the donor’s recommendation, the Foundation has no legal obligation to follow that recommendation. Contributions to the Donor Intent Program are irrevocable and all donor recommended grants must be reviewed and approved by the board of directors of the Foundation. Donor contributions were $1,266,000 and $876,000 in 2010 and 2009, respectively. The 2010 and 2009 donor contributions were awarded and paid in the year the contributions were received.

9. EMPLOYEE BENEFIT PLANS

The Foundation sponsors a defined contribution plan for substantially all employees. Contributions by the Foundation are determined as a percentage of the covered employee’s annual salary. Amounts expensed under this plan totaled $305,000 and $268,000 in 2010 and 2009, respectively.

The Foundation provides for certain post employment and supplemental retirement benefits for certain officers and other executives of the Foundation. The liability under these plans increased by $59,750 in 2010 and $74,900 in 2009.

10. CONFLICT OF INTEREST

It is the policy of the Foundation that all officers and directors shall avoid any conflict of interest between their individual interests and the interests of the Foundation. The Foundation has a conflict of interest policy whereby officers and directors must advise the board of any direct or indirect financial interest in any organization that had transactions with the Foundation. There were no such transactions in 2010 and 2009. The directors must also disclose grantee charitable organizations for which they serve as a board member or have a close relationship, and abstain from voting for the approval of grants to those organizations. During 2010 and 2009, the Foundation awarded grants of $8,795,000 and $5,912,250, respectively, to such charitable organizations.

11. COMMITMENTS

As part of its investment management activity, the Foundation is committed to additional funding of $43,435,000 for private equities at December 31, 2010. In addition, as part of its grant activity, the Foundation has committed grants to certain organizations of $2,500,000 at December 31, 2010. Due to contingencies associated with these commitments, no liability has been recorded in the statements of financial position.

12. REMAINDER INTEREST IN TRUST

The Foundation has a remainder interest in an independent trust (the "Trust") for which an unrelated third party acts as trustee. The Foundation is entitled to receive 70% of the trust principal upon the death of the primary beneficiary of the Trust, contingent upon actions exercised during the life of the Trust by other parties to the Trust agreement. The total market value of the Trust at December 31, 2010, as reported by the trustee, was $191,540,000. The Trust has not been included within the Foundation's financial statements because of the contingencies associated with determining the final amount of the Foundation's remainder interest in the Trust.

13. LOAN GUARANTEE

In January 2007, the Foundation entered into an agreement to guarantee the loan obligation of a 501(c)(3) in order to carry out a charitable purpose. The Foundation agreed to guarantee a maximum of $2,000,000. The principal amount of the original term note is $1,775,000, of which $1,262,375 is outstanding on December 31, 2010. The term note is due February 1, 2013, and it is secured by collateral and lien and a security interest in certain deposit accounts. In 2011, a grant in the amount of $160,000 was made to the 501(c)(3) to cover a significant portion of the principal payment due February 1, 2011.

14. SUBSEQUENT EVENTS

The Fund's management evaluated the activity of the fund through June 13, 2011, the date the consolidated financial statements were available to be issued and concluded that no subsequent events had occurred that would require recognition or disclosure.

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