

JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION

FINANCIAL STATEMENTS
December 31, 2010 and 2009

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
John D. and Catherine T. MacArthur Foundation

We have audited the accompanying statements of financial position of John D. and Catherine T. MacArthur 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. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 John D. and Catherine T. MacArthur Foundation as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


Crowe Horwath LLP

Chicago, Illinois
June 15, 2011

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation

Statements of Financial Position

December 31, 2010 and 2009

	2010	2009
	(000's omitted)	
Assets		
Cash and cash equivalents	\$ 3,709	\$ 1,812
Investments	5,538,450	5,032,822
Program-related investments	146,988	154,878
Assets held for charitable use	30,738	31,955
Other assets	17,385	16,329
Total assets	\$ 5,737,270	\$ 5,237,796
Liabilities and net assets		
Grants payable	\$ 261,922	\$ 275,049
Other liabilities	46,847	111,729
Excise and income taxes	18,872	11,002
Total liabilities	327,641	397,780
Unrestricted net assets	5,409,629	4,840,016
Total liabilities and net assets	\$ 5,737,270	\$ 5,237,796

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

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation

Statements of Activities

For the years ended December 31, 2010 and 2009

	2010	2009
	(000's omitted)	
Investment income		
Interest and dividends	\$ 71,170	\$ 63,746
Realized gain	153,200	168,394
Other investment income	91,492	63,419
Total investment income	315,862	295,559
Investment expenses		
Administrative	9,462	10,303
Excise and income tax recoveries	(6,264)	(1,921)
Total investment expenses	3,198	8,382
Unrealized gain on investments	511,660	242,318
Net investment income	824,324	529,495
Operating expenses		
Grants authorized	217,488	234,720
Administrative	32,647	32,810
Post-retirement benefits	4,576	(3,070)
Total operating expenses	254,711	264,460
Change in unrestricted net assets	569,613	265,035
Unrestricted net assets, beginning of year	4,840,016	4,574,981
Unrestricted net assets, end of year	\$ 5,409,629	\$ 4,840,016

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

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation

Statements of Cash Flows

For the years ended December 31, 2010 and 2009

	2010	2009
	(000's omitted)	
Cash flows from operating activities		
Change in unrestricted net assets	\$ 569,613	\$ 265,035
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Depreciation	6,006	2,946
Realized gain on investments	(153,200)	(168,394)
Unrealized gain on investments	(511,660)	(242,318)
Decrease (increase) in non-investment assets	5,208	(20,553)
Decrease in grants payable	(13,127)	(33,375)
Increase (decrease) in other operating liabilities	3,987	(5,974)
Increase in excise and income taxes	7,870	7,582
Net cash used in operating activities	(85,303)	(195,051)
Cash flows from investment activities		
Proceeds from sale of investments	2,436,156	2,677,479
Purchase of investments	(2,348,956)	(2,442,031)
Net cash provided by investment activities	87,200	235,448
Cash flows from financing activities		
Decrease in notes payable	-	(44,000)
Net cash provided by (used in) financing activities	-	(44,000)
Net increase (decrease) in cash and cash equivalents	1,897	(3,603)
Cash and cash equivalents at beginning of year	1,812	5,415
Cash and cash equivalents at end of year	\$ 3,709	\$ 1,812

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

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

1. Organization

The John D. and Catherine T. MacArthur Foundation is a private, independent grant making foundation that supports creative people and effective institutions committed to building a more just, verdant, and peaceful world. The Foundation makes grants and program-related investments through four programs. International Programs focus on international issues, including human rights and international justice, peace and security, conservation and sustainable development, higher education, migration and human mobility, and population and reproductive health. U.S. Programs address issues in the United States that include community and economic development; housing, with a focus on the preservation of affordable rental housing; juvenile justice reform; policy research and analysis; and education, with an interest in digital media and learning. Media, Culture and Special Initiatives support public interest media, including public radio and documentary programming. Grants are also made to arts and cultural institutions in the Chicago area and for special initiatives. The MacArthur Fellows Program awards five-year, unrestricted fellowships to individuals across all ages and fields who show exceptional merit and promise of continued creative work.

2. Summary of Significant Accounting Policies

The Foundation prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Foundation's significant accounting policies are as follows:

Cash and Cash Equivalents

Cash and cash equivalents held by the Foundation for use in its operations are reported at fair value and include temporary investments with original maturities of three months or less. Cash and cash equivalents used by the Foundation in managing its investments are reported in investments.

Investments

Investments are reported at fair value. Fair value is based on quoted market prices when available or quoted market prices of comparable instruments when prices are not available. For alternative investments in limited partnerships and other similar instruments, the fair value is based on valuations provided by external investment managers, including net asset values as of the most recent audited or interim financial statements. The net asset values provided by external managers are based on the underlying securities and investment holdings, which may be valued at quoted market prices, based on comparable instruments, at appraised value, or by discounted cash flows. The external managers' valuations are reviewed by Foundation management. The Foundation believes the carrying amount of these financial instruments is a reasonable estimate of fair value. Because some alternative investments are not readily marketable, their estimated value is subject to uncertainty.

Investment administrative expenses are included in investment expenses. In addition, investment management fees estimated at \$52.0 million and \$56.7 in 2010 and 2009, respectively, are netted against investment income.

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

Program-related Investments

In accordance with Section 4944 of the Internal Revenue Code, the Foundation is permitted to make investments that are related to its philanthropic programs. These investments are anticipated to have a less than market return. In the year of the investment, the Foundation receives a credit toward its distribution requirement. Return of principal of program-related investments increases the Foundation's distribution requirement in the year of receipt. These investments are generally recorded at cost net of appropriate reserves for collectability. The Foundation has reserved \$48.3 million and \$47.6 million as of December 31, 2010 and 2009, respectively. The Foundation had open program-related investment commitments of \$17.6 million and \$28.2 million as of December 31, 2010 and 2009, respectively.

Assets Held for Charitable Purposes

The Foundation holds certain assets, primarily real estate, for charitable purposes. The Foundation receives a credit toward its distribution requirement equal to the fair value, as determined by appraisal, of the assets at the time they are put into charitable use.

Grants

Grant awards are expensed when approved. Grants payable that are expected to be paid in future years are recorded at the present value of expected future payments. The Foundation discounted grants payable using an average rate of 1.6 percent and 2 percent as of December 31, 2010 and 2009, respectively.

Federal Taxes

The Foundation has received a determination letter from the Internal Revenue Service indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is not subject to federal income taxes except for income from its unrelated business activities. Under Section 4940(a) of the Internal Revenue Code, a federal excise tax of 2 percent is imposed on the Foundation's net investment income and realized capital gains. The Foundation qualified under Section 4940(e) of the Internal Revenue Code for a reduced excise tax rate of 1 percent in both 2010 and 2009.

Deferred tax expense results from certain income and expense items, primarily unrealized gains or losses on investments, being accounted for in different time periods for financial statement purposes than for federal excise and income tax purposes. Appropriate provisions are made in the financial statements for deferred taxes in recognition of these timing differences.

Employee Retirement Plan

The Foundation sponsors a defined contribution retirement plan for its eligible employees. Plan participants are fully vested after one year of service. The Foundation is current with its contributions to the plan. Employer contributions to the plan totaled \$2.6 million in both 2010 and 2009.

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

Post-retirement Benefits

The Foundation provides health care and life insurance benefits to certain of its retired employees and their eligible dependents. The Foundation has recorded a liability for post-retirement benefit obligation of \$30.1 million and \$25.4 million as of December 31, 2010 and 2009, respectively.

Estimates

The preparation of the Foundation's 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 income and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the prior year Statement of Activities have been reclassified to conform to the current year presentation. There is no impact to the change in unrestricted net assets or the total assets for the year ended December 31, 2009.

3. Investments

The Foundation's investment objective is to provide a return on its investments sufficient to fund in perpetuity the grants, other qualifying distributions, and operating costs of the Foundation. Investments are made in accordance with an asset allocation policy with the objective of earning a 5 percent real return over time and preserving the portfolio corpus in real terms. Assets in the investment portfolio may include marketable debt and equity securities traded on public exchanges anywhere in the world; foreign currency investments; private debt and equity securities and partnerships; venture capital partnerships; commodities, including oil and gas assets; real estate; derivative instruments; and cash and cash equivalents. The investment portfolio is sufficiently diversified to minimize the concentration risk of any single security, class of securities, or asset class.

Investments as of December 31, 2010 and 2009, are as follows (000s omitted):

	2010		2009	
	Fair Value	Cost	Fair Value	Cost
Public Investments				
Equities	\$ 1,172,530	\$ 906,635	\$ 1,138,289	\$ 971,823
Fixed income	446,855	385,433	464,937	440,784
Marketable alternatives	594,828	376,917	495,457	347,142
Real estate	7,801	14,521	11,507	8,245
Energy	-	-	3,197	2,208
Cash and cash equivalents	439,190	439,190	382,092	382,092
Private Investments				
Equities	1,101,480	791,442	908,269	766,821
Fixed income	547,161	437,557	529,404	495,947
Real estate	788,934	895,022	712,646	869,331
Energy and commodities	439,671	350,299	387,024	332,717
Total investments	\$ 5,538,450	\$ 4,597,016	\$ 5,032,822	\$ 4,617,110

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

Public investments include cash and cash equivalents, marketable equity and fixed income securities that are regularly traded on public exchanges, and public securities held by funds structured either as corporations in which the Foundation owns stock or as partnerships in which the Foundation is a limited partner. Private investments include equity and fixed income investments that are not regularly traded and private securities held by corporations in which the Foundation owns stock or held by partnerships in which the Foundation is a limited partner.

The Foundation's exposure in limited partnership investments and certain corporate equity investments, which totaled \$4,134.9 million and \$3,746.7 million as of December 31, 2010 and 2009, respectively, is limited to its partnership or equity investments in these entities.

In addition to the cash and cash equivalents held by the Foundation for investment, the Foundation's investment managers held cash totaling \$386.3 million and \$434.6 million as of December 31, 2010 and 2009, respectively, in the course of implementing their investment strategies. Cash held for investment by those managers totaled \$58.5 million and \$30.3 million as of December 31, 2010 and 2009, respectively. Cash held at the direction of the Foundation associated with derivative strategies totaled \$306.2 million and \$371.2 million as of December 31, 2010 and 2009, respectively. Cash held as required margin for outstanding securities trades totaled \$21.6 million and \$33.1 million as of December 31, 2010 and 2009, respectively.

The Foundation had pending trade purchases of \$709,000 and \$2.7 million as of December 31, 2010 and 2009, respectively. The Foundation had pending sales of \$1.4 million as of December 31, 2010 and no pending sales as of December 31, 2009. These amounts are included in investments.

Through a securities lending program, managed by its investment custodian, the Foundation loans certain marketable securities included in its investment portfolio. The custodian's loan agreements require the borrowers to maintain collateral equal to 102 percent or 105 percent of the fair value of the securities loaned. This collateral is in the form of cash, U.S. Treasury Bills, or guaranteed letters of credit and is revalued on a daily basis. Loaned securities outstanding totaled \$8.8 million and \$77.7 million as of December 31, 2010 and 2009, respectively. The Foundation exited this securities lending program as of January 21, 2011.

Beginning in 2010, the Foundation entered into a repurchase agreement program managed by its investment custodian. The Foundation loans cash included in its investment portfolio overnight and the agreements mature the following day. Borrowers are required to maintain collateral equal to 108 percent of the loan. The collateral must be in the form of domestic equity securities traded on a U.S. stock exchange and not represent more than five percent of any security's outstanding shares. The average cash loaned overnight was \$150.0 million. No loans were outstanding as of December 31, 2010.

Derivative Instruments

The Foundation's investment strategy utilizes financial instruments that involve, to varying degrees, elements of market risk, credit risk, currency risk, and counterparty risk. These instruments are held in separately managed accounts, limited partnerships, and other fund structures. Financial instruments include securities sold but not yet purchased and derivative contracts including forward currency contracts, futures, options, and swaps. All of the Foundation's derivative positions are marked to fair value as a component of investment income. The fair value of these instruments is included in investments.

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

The Foundation enters into forward currency contracts, futures, options, and swaps for tactical investment and hedging purposes. Currency forward contracts and options may be used to hedge non-U.S. dollar exposure in foreign investments, or to take positions in managed currency portfolios. Futures and swap contracts may be used to rebalance asset categories within the portfolio or to manage market exposures in portfolios. Futures contracts, swaps and options may be used to hedge or leverage positions within certain risk parameters.

The net notional and fair values of forward contracts, futures, and swaps as of December 31, 2010 and 2009, are as follows (000s omitted):

	2010		2009	
	Net notional value	Fair value	Net notional value	Fair value
Forward contracts	\$ 179,349	\$ (4,255)	\$ (183,543)	\$ (2,330)
Futures	129,260	-	634,122	-
Swaps	974,019	67,753	562,557	8,226
	<u>\$ 1,282,628</u>	<u>\$ 63,498</u>	<u>\$ 1,013,136</u>	<u>\$ 5,896</u>

In the opinion of the Foundation's management, the use of financial derivative instruments in its investment program is appropriate and customary for the investment strategies employed. Using these instruments may reduce certain investment risks and add value to the portfolio.

Fair Value

The fair value of investments is reported using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. This includes securities that are infrequently traded, derivatives, and mortgage backed securities.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement. This includes securities that are not actively traded on an established exchange, swaps, and partnership and direct investments.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation has certain investments categorized as level 3 where the inputs are not readily observable but the underlying assets are public investments.

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

The following tables set forth by level, within the fair value hierarchy, investment assets and transfers of investments at fair value as of December 31, 2010 and 2009 (000s omitted). The unfunded commitments, which are not included in investments, represent contractual obligations for future investments. Transfers between levels are recognized as of the end of the reporting period. Transfers from level 3 to level 2 totaled \$133,000.

Investment Assets as of December 31, 2010

	Investment Assets by Level				Unfunded Commitments
	Level 1	Level 2	Level 3	Total	
Public investments					
Equities	\$ 421,538	\$ 156,708	\$ 594,284	\$ 1,172,530	\$ -
Fixed income	210,169	160,841	75,845	446,855	-
Marketable alternatives	1,078	13,881	579,869	594,828	-
Real estate	5,309	-	2,492	7,801	-
Energy	-	-	-	-	-
Cash and cash equivalents	439,190	-	-	439,190	-
Private investments					
Equities	-	34	1,101,446	1,101,480	330,816
Fixed income	2,815	91,778	452,568	547,161	67,630
Real estate	-	71	788,863	788,934	220,760
Energy and commodities	-	-	439,671	439,671	66,334
Total	\$1,080,099	\$ 423,313	\$ 4,035,038	\$ 5,538,450	\$ 685,540

Investment Assets as of December 31, 2009

	Investment Assets by Level				Unfunded Commitments
	Level 1	Level 2	Level 3	Total	
Public investments					
Equities	\$ 262,745	\$ 246,617	\$ 628,927	1,138,289	\$ -
Fixed income	255,039	70,802	139,096	464,937	-
Marketable alternatives	5,446	19,136	470,875	495,457	-
Real estate	9,135	-	2,372	11,507	-
Energy	3,197	-	-	3,197	-
Cash and cash equivalents	382,092	-	-	382,092	-
Private investments					
Equities	-	-	908,269	908,269	435,924
Fixed income	-	83,473	445,931	529,404	80,998
Real estate	-	96	712,550	712,646	322,713
Energy and commodities	-	-	387,024	387,024	83,202
Total	\$ 917,654	\$ 420,124	\$ 3,695,044	\$ 5,032,822	\$ 922,837

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

The following tables are a roll forward of those investment assets classified as Level 3 as of December 31, 2010 and 2009 (000s omitted):

Roll Forward of Level 3 Investment Assets as of December 31, 2010

Beginning Balance at January 1, 2010	Contributions	Distributions	Income (Loss)	Realized Gain (Loss)	Unrealized Gain	Transfers Out	Ending Balance at December 31, 2010
\$ 628,927	\$ 55,404	\$ (200,878)	\$ 18,407	\$ 22,139	\$ 70,285	\$ -	\$ 594,284
139,096	93,407	(202,907)	-	9,423	36,826	-	75,845
470,875	60,000	(34,283)	1,282	13,655	68,340	-	579,869
2,372	-	-	120	-	-	-	2,492
908,269	127,002	(157,363)	(13,869)	68,851	168,590	(34)	1,101,446
445,931	69,079	(142,456)	7,054	9,943	63,045	(28)	452,568
712,550	178,967	(181,168)	29,918	(2,876)	51,543	(71)	788,863
387,024	133,670	(149,008)	10,643	22,277	35,065	-	439,671
\$ 3,695,044	\$ 717,529	\$ (1,068,063)	\$ 53,555	\$ 143,412	\$ 493,694	\$ (133)	\$ 4,035,038

Roll Forward of Level 3 Investment Assets as of December 31, 2009

Beginning Balance at January 1, 2009	Contributions (Distributions)	Income (Loss)	Realized Gain (Loss)	Unrealized Gain (Loss)	Net Transfers In (Out)	Ending Balance at December 31, 2009
\$ 893,234	\$ (309,414)	\$ 20,167	\$ 4,977	\$ 75,192	\$ (55,229)	\$ 628,927
203,691	64,554	(548)	93	31,176	(159,870)	139,096
302,848	(111,889)	(7,414)	27,596	40,642	219,092	470,875
-	2,350	-	-	-	22	2,372
897,426	25,604	(15,256)	17,723	123,357	(140,585)	908,269
602,457	(211,866)	(31,026)	(13,321)	202,966	(103,279)	445,931
935,264	138,018	17,434	(26,004)	(191,277)	(160,885)	712,550
270,542	(64,791)	(272)	2,235	12,195	167,115	387,024
\$ 4,105,462	\$ (467,434)	\$ (16,915)	\$ 13,299	\$ 294,251	\$ (233,619)	\$ 3,695,044

The following tables set forth investment assets by the amount of time, including notice period and redemption period, in which the Foundation has the legal right to receive redemptions of its investments as of December 31, 2010, and 2009 (000s omitted). For investment assets with a redemption period greater than 365 days, the Foundation's capital is expected to be liquidated over a weighted average period of 4.7 years, ranging from 1 to 12 years, as of December 31, 2010, and over a weighted average period of 4.9 years, ranging from 1 to 12 years, as of

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

December 31, 2009. The Foundation has certain investments classified as level 3 where the Foundation has the right to give notice and exit the investments if the investments have sufficient liquidity available. These investments are categorized with a redemption period of 90 days or less.

Investment Assets by Redemption Periods as of December 31, 2010

	90 Days or Less	91 to 365 Days	>365 Days	Total
Public investments				
Equities	\$ 940,612	\$ 120,401	\$ 111,517	\$ 1,172,530
Fixed income	446,855	-	-	446,855
Marketable alternatives	339,616	164,003	91,209	594,828
Real estate	7,801	-	-	7,801
Energy	-	-	-	-
Cash and cash equivalents	439,190	-	-	439,190
Private investments				
Equities	38,904	142,741	919,835	1,101,480
Fixed income	62,964	123,912	360,285	547,161
Real estate	3,164	7,895	777,875	788,934
Energy and commodities	5,456	19	434,196	439,671
Total	\$ 2,284,562	\$ 558,971	\$ 2,694,917	\$ 5,538,450

Investment Assets by Redemption Periods as of December 31, 2009

	90 Days or Less	91 to 365 Days	>365 Days	Total
Public investments				
Equities	\$ 839,340	\$ 118,710	\$ 180,239	\$ 1,138,289
Fixed income	464,937	-	-	464,937
Marketable alternatives	265,496	132,448	97,513	495,457
Real estate	11,507	-	-	11,507
Energy	3,197	-	-	3,197
Cash and cash equivalents	382,092	-	-	382,092
Private investments				
Equities	37,758	167,748	702,763	908,269
Fixed income	70,598	114,732	344,074	529,404
Real estate	16,875	9,588	686,183	712,646
Energy and commodities	4,052	877	382,095	387,024
Total	\$ 2,095,852	\$ 544,103	\$ 2,392,867	\$ 5,032,822

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation Notes to Financial Statements

December 31, 2010 and 2009

4. Excise and Income Taxes

Excise and income taxes provided for in the financial statements for the years ended December 31, 2010 and 2009, include the following components (000s omitted):

	<u>2010</u>	<u>2009</u>
Federal excise taxes:		
Current	\$ (5,258)	\$ 2,823
Deferred taxes included in unrealized appreciation	13,474	1,935
Total federal excise taxes	<u>8,216</u>	<u>4,758</u>
Federal and state income taxes:		
Current	(1,006)	(4,744)
Total excise and income taxes	<u>\$ 7,210</u>	<u>\$ 14</u>

5. Commitments and Contingencies

Guarantees

The Foundation enters into guarantees to support its grant making programs. Total outstanding guarantees were \$21.1 million and \$5.2 million as of December 31, 2010 and 2009, respectively. Guarantees approved but not yet closed totaled \$7.3 million and \$30.0 million as of December 31, 2010 and 2009, respectively. The Foundation records a liability if it is likely a guarantee will be called and the expected amount to be called can be estimated. These liabilities totaled \$359,000 as of December 31, 2010. There were no liabilities for guarantees as of December 31, 2009.

Line of Credit

In 2010, the Foundation replaced its \$150 million uncommitted line of credit demand note carrying an interest rate of either LIBOR plus 25 basis points or Prime with a \$250 million unsecured committed line of credit carrying an interest rate of either LIBOR plus 60 basis points or Prime. The Foundation has no notes outstanding as of December 31, 2010 and 2009, respectively.

Legal Actions

The Foundation is involved in several legal actions. The Foundation believes it has defenses for these claims, believes the claims are substantially without merit and is vigorously defending the actions. In the opinion of management, based on advice of legal counsel, the final disposition of these matters is not expected to have a material effect on the Foundation's financial statements.

6. Subsequent Events

Management has determined that no material events or transactions, which require adjustments or additional disclosures in the Foundation's financial statements, occurred subsequent to December 31, 2010, and through June 15, 2011, the date the Foundation's financial statements were available to be issued.