

**JOHN D. AND CATHERINE T.
MACARTHUR FOUNDATION**

FINANCIAL STATEMENTS
December 31, 2015 and 2014

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of John D. and Catherine T. MacArthur Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Chicago, Illinois
June 22, 2016

MacArthur Foundation

John D. and Catherine T. MacArthur Foundation

Statements of Financial Position

December 31, 2015 and 2014

	2015	2014
	(000's omitted)	
Assets		
Cash and cash equivalents	\$ 4,201	\$ 2,926
Investments	6,022,707	6,282,222
Program-related investments	141,015	142,852
Assets held for charitable use	23,726	24,538
Other assets	4,632	16,629
Total assets	\$ 6,196,281	\$ 6,469,167
Liabilities and net assets		
Grants payable	\$ 325,778	\$ 257,065
Other liabilities	58,348	58,135
Excise and income taxes	7,407	12,164
Total liabilities	391,533	327,364
Unrestricted net assets	5,804,748	6,141,803
Total liabilities and net assets	\$ 6,196,281	\$ 6,469,167

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, 2015 and 2014

	2015	2014
	(000's omitted)	
Investment income		
Interest, dividends and other income	\$ 17,226	\$ 24,942
Realized gain on investments	267,788	550,491
Total investment income	285,014	575,433
Investment expenses		
Administrative	13,616	14,946
Excise and income tax	6,674	5,845
Total investment expenses	20,290	20,791
Unrealized loss on investments	(233,082)	(144,601)
Net investment income	31,642	410,041
Operating expenses		
Grants authorized	321,920	191,317
Administrative	46,021	46,679
Post-retirement benefits	756	5,597
Total operating expenses	368,697	243,593
Change in unrestricted net assets	(337,055)	166,448
Unrestricted net assets, beginning of year	6,141,803	5,975,355
Unrestricted net assets, end of year	\$ 5,804,748	\$ 6,141,803

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, 2015 and 2014

	2015	2014
	(000's omitted)	
Cash flows from operating activities		
Change in unrestricted net assets	\$ (337,055)	\$ 166,448
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Depreciation	1,887	1,080
Realized gain on investments	(267,788)	(550,491)
Unrealized loss on investments	233,082	144,601
Decrease (increase) in non-investment assets	12,759	(3,843)
Increase (decrease) in grants payable	68,713	(24,284)
Increase in other liabilities	213	7,068
Decrease in excise and income taxes	(4,757)	(3,372)
Net cash used in operating activities	(292,946)	(262,793)
Cash flows from investment activities		
Proceeds from sale of investments	3,536,135	2,501,126
Purchase of investments	(3,241,914)	(2,239,555)
Net cash provided by investment activities	294,221	261,571
Net increase (decrease) in cash and cash equivalents	1,275	(1,222)
Cash and cash equivalents, beginning of year	2,926	4,148
Cash and cash equivalents, end of year	\$ 4,201	\$ 2,926

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

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

December 31, 2015 and 2014

1. Organization

The John D. and Catherine T. MacArthur Foundation is a private, independent grantmaking foundation that supports creative people, effective institutions, and influential networks building a more just, verdant, and peaceful world. MacArthur is one of the nation's largest independent foundations providing support to organizations in about 50 countries through its headquarters in Chicago and offices in India, Mexico, and Nigeria. Through its grantmaking, the Foundation is committed to making significant progress on some of the world's most pressing social challenges, including over-incarceration, global climate change, nuclear risk, and significantly increasing financial capital for the social sector. In addition to the MacArthur Fellows Program, the Foundation continues its historic commitments to the role of journalism in a responsible and responsive democracy; the strength and vitality of our headquarters city, Chicago; and generating new knowledge about critical issues.

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 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. Total investment management fees are netted against investment income, including reported management fees of \$12.8 million and \$15.8 million in 2015 and 2014, respectively.

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

December 31, 2015 and 2014

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 in the form of loans and equities and 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.

Outstanding program-related investments totaled \$170.0 million and \$174.4 million as of December 31, 2015 and 2014, respectively. Reserves are based on a review of borrowers' credit risks, including consideration of the financial strength of borrowers, the nature of the investments, payment history, and current economic conditions. The Foundation has reserved \$29.0 million and \$31.6 million as of December 31, 2015 and 2014, respectively. Investments written off as bad debt totaled \$474,000 in 2015 and \$2.0 million in 2014. Loans more than 30 days past due totaled \$451,000 as of December 31, 2015, and \$121,000 as of December 31, 2014. The Foundation had open program-related investment commitments of \$13.8 million and \$14.0 million as of December 31, 2015 and 2014, 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 1.23 percent and 1.40 percent as of December 31, 2015 and 2014, 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.

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.

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

December 31, 2015 and 2014

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 \$2.9 million and \$3.0 million in 2015 and 2014, respectively.

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 \$46.1 million and \$46.8 million as of December 31, 2015 and 2014, 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 financial statements have been reclassified, with no effect on net assets or change in net assets, to conform to the current year presentation.

Adoption of New Accounting Standard

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-07 (ASU 2015-07), "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)". Under the amendments in this update, investments for which fair value is measured at net asset value per share (or its equivalent) using the practical expedient should not be categorized in the fair value hierarchy. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016, for non-public business entities, and provides an option for early adoption. The Foundation elected to adopt ASU 2015-07 as of and for the year ended December 31, 2015. Accordingly, investments for which fair value is measured using net asset value per share (or its equivalent) as a practical expedient have not been categorized within the fair value hierarchy.

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 diversified to minimize the concentration risk of any single security, class of securities, or asset class.

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

December 31, 2015 and 2014

Investments at fair value as of December 31, 2015 and 2014, are as follows (000's omitted):

	2015	2014
Public Investments		
Equities	\$1,939,891	\$2,009,698
Fixed income	649,943	547,374
Marketable alternatives	1,177,852	1,188,347
Real estate	-	176
Cash and cash equivalents	139,176	84,479
Private Investments		
Equities	927,874	970,242
Fixed income	521,352	526,592
Real estate	321,880	507,842
Energy and commodities	344,739	447,472
Total Investments	\$6,022,707	\$6,282,222

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.

In addition to the cash and cash equivalents held by the Foundation for investment, the Foundation's custodian held cash totaling \$323.3 million and \$707.4 million as of December 31, 2015 and 2014, respectively, in the course of implementing the Foundation's investment strategies. Cash held at the direction of the Foundation associated with derivative strategies totaled \$289.8 million and \$653.5 million as of December 31, 2015 and 2014, respectively. Cash held as required margin for outstanding securities trades totaled \$28.7 million and \$48.2 million as of December 31, 2015 and 2014, respectively. Cash held for other investments totaled \$4.8 million and \$5.7 million as of December 31, 2015 and 2014, respectively. The amount of cash held on the reporting dates is a function of the timing of executing the investment strategies.

The Foundation had pending trade purchases of \$9.0 million and \$5.5 million as of December 31, 2015 and 2014, respectively. The Foundation had pending sales of \$9.6 million and \$3.5 million as of December 31, 2015 and 2014, respectively. These amounts are included in investments.

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

December 31, 2015 and 2014

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.

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.

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, options, and swaps may be used to hedge or leverage positions within certain risk parameters.

The net notional and fair values of forward contracts, futures, options, and swaps as of December 31, 2015 and 2014, are as follows (000's omitted):

	2015		2014	
	Net Notional Value	Fair Value	Net Notional Value	Fair Value
Forward contracts	\$ 50,375	\$ (623)	\$ 13,904	\$ (1,067)
Futures	119,712	-	1,181,124	-
Options	-	-	190,714	6,810
Swaps	2,619,298	(37,552)	1,879,074	(29,615)
Total	<u>\$ 2,789,385</u>	<u>\$ (38,175)</u>	<u>\$ 3,264,816</u>	<u>\$ (23,872)</u>

The Foundation is a seller of certain credit default swap contracts, which are included in the net notional value and fair value of swaps. These contracts provide the Foundation exposure to, or hedge against, a diversified portfolio of credit risks through a liquid, transparent, and standardized basket of securities. The referenced obligations under the Foundation's credit default swap contracts are composed of baskets of securities sharing similar characteristics. The individual baskets to which the Foundation has exposure under separate contracts are high-yield securities and investment grade debt. The number of individual, underlying securities referenced in each of the contracts range from 100 to 125. The Foundation is required to make payments that are proportionate to the overall notional exposure as credit events occur for individual securities in the referenced baskets. The notional value of these investments reflects the maximum amount of future payments (undiscounted) that the Foundation could be required to make should each individual security in the referenced basket experience a credit event.

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

December 31, 2015 and 2014

The following table sets forth the notional value, fair value and maturity dates of credit default swap contracts as of December 31, 2015 and 2014, respectively (000's omitted):

	2015			2014		
	High-yield	Emerging Markets	Investment Grade	High-yield	Emerging Markets	Investment Grade
Net notional value	\$ 263,000	\$ -	\$ 151,000	\$ 151,500	\$ 97,000	\$ 133,000
Fair value	3,374	-	860	6,111	(10,865)	2,163
Maturity date range	through 2020		through 2020	through 2018	through 2019	through 2018

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. Inputs include recent transaction prices for similar assets, secondary market transaction prices for Foundation interests in limited partnerships, independent appraisals, and private indices.

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.

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

December 31, 2015 and 2014

The following tables set forth by level, within the fair value hierarchy, investment assets at fair value as of December 31, 2015 and 2014 (000's omitted). Investments using Net Asset Value (NAV) per share (or its equivalent) as a fair value expedient have not been classified in the fair value hierarchy. These investments are presented as "Other" in the following tables to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the Statement of Financial Position. The unfunded commitments, which are not included in investments, represent contractual obligations for future investments.

Investment Assets as of December 31, 2015

	Investment Assets by Level					Unfunded
	Level 1	Level 2	Level 3	Other	Total	Commitments
Public Investments						
Equities	\$215,558	\$346,072	\$ 938	\$ 1,377,323	\$ 1,939,891	\$ -
Fixed income	136,314	133,747	474	379,408	649,943	17,504
Marketable alternatives	-	-	342	1,177,510	1,177,852	-
Real estate	-	-	-	-	-	-
Cash and cash equivalents	139,176	-	-	-	139,176	-
Private Investments						
Equities	-	-	-	927,874	927,874	288,338
Fixed income	-	-	987	520,365	521,352	212,614
Real estate	-	-	41,143	280,737	321,880	144,856
Energy and commodities	-	-	72,917	271,822	344,739	174,766
Total	\$491,048	\$479,819	\$116,801	\$4,935,039	\$6,022,707	\$ 838,078

Investment Assets as of December 31, 2014

	Investment Assets by Level					Unfunded
	Level 1	Level 2	Level 3	Other	Total	Commitments
Public Investments						
Equities	\$ 712,828	\$ 125,088	\$ 1,522	\$ 1,170,260	\$ 2,009,698	\$ -
Fixed income	75,850	132,716	-	338,808	547,374	31,500
Marketable alternatives	-	-	-	1,188,347	1,188,347	-
Real estate	176	-	-	-	176	-
Cash and cash equivalents	84,479	-	-	-	84,479	-
Private Investments						
Equities	-	-	-	970,242	970,242	312,744
Fixed income	-	-	2,934	523,658	526,592	130,341
Real estate	-	-	162,765	345,077	507,842	147,390
Energy and commodities	-	-	123,393	324,079	447,472	132,988
Total	\$ 873,333	\$ 257,804	\$ 290,614	\$ 4,860,471	\$ 6,282,222	\$ 754,963

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

December 31, 2015 and 2014

The following tables are a roll forward of those investment assets classified as Level 3 as of December 31, 2015 and 2014 (000's omitted):

Roll Forward of Level 3 Investment Assets for the year ended December 31, 2015

	Public Investments			Private Investments			Total
	Equities	Fixed Income	Marketable Alternatives	Fixed Income	Real Estate	Energy and Commodities	
Beginning Balance 1/1/2015	\$ 1,522	\$ -	\$ -	\$ 2,934	\$ 162,765	\$ 123,393	\$ 290,614
Transfers in	-	-	-	-	-	-	-
Contributions	-	-	-	-	846	837	1,683
Distributions	-	-	-	(2,066)	(140,008)	(2,390)	(144,464)
Realized gain (loss)	-	-	-	2,066	(52,260)	-	(50,194)
Unrealized gain (loss)	(584)	474	342	(1,947)	69,800	(48,923)	19,162
Transfers out	-	-	-	-	-	-	-
Ending Balance 12/31/2015	\$ 938	\$ 474	\$ 342	\$ 987	\$ 41,143	\$ 72,917	\$ 116,801

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

December 31, 2015 and 2014

Roll Forward of Level 3 Investment Assets for the year ended December 31, 2014

	Public Investments			Private Investments			Total
	Equities	Fixed Income	Marketable Alternatives	Fixed Income	Real Estate	Energy and Commodities	
Beginning Balance 1/1/2014	\$ 4,983	\$ -	\$ 4,611	\$ 3,609	\$ 217,465	\$ 136,280	\$ 366,948
Transfers in	-	-	-	-	-	-	-
Contributions	-	-	-	-	4,840	9,720	14,560
Distributions	-	-	(1,281)	-	(18,048)	(12,133)	(31,462)
Realized gain (loss)	-	-	-	-	(638)	4,723	4,085
Unrealized gain (loss)	(3,461)	-	(3,330)	(675)	(40,854)	(15,197)	(63,517)
Transfers out	-	-	-	-	-	-	-
Ending Balance 12/31/2014	\$ 1,522	\$ -	\$ -	\$ 2,934	\$ 162,765	\$ 123,393	\$ 290,614

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, 2015 and 2014 (000's 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 3.4 years, ranging from 1 to 14 years, as of December 31, 2015, and over a weighted average period of 3.5 years, ranging from 1 to 25 years, as of December 31, 2014. 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.

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

December 31, 2015 and 2014

Investment Assets by Redemption Periods as of December 31, 2015

	90 Days or Less	91 to 365 Days	>365 Days	Total
Public Investments				
Equities	\$ 1,156,664	\$ 631,294	\$ 151,933	\$ 1,939,891
Fixed income	508,893	93,890	47,160	649,943
Marketable alternatives	598,418	351,319	228,115	1,177,852
Real estate	-	-	-	-
Cash and cash equivalents	139,176	-	-	139,176
Private Investments				
Equities	7,181	2,082	918,611	927,874
Fixed income	59	67,467	453,826	521,352
Real estate	1,660	1,673	318,547	321,880
Energy and commodities	-	119	344,620	344,739
Total	\$ 2,412,051	\$ 1,147,844	\$ 2,462,812	\$ 6,022,707

Investment Assets by Redemption Periods as of December 31, 2014

	90 Days or Less	91 to 365 Days	>365 Days	Total
Public Investments				
Equities	\$ 1,469,625	\$ 414,125	\$ 125,948	\$ 2,009,698
Fixed income	466,256	77,802	3,316	547,374
Marketable alternatives	630,484	266,547	291,316	1,188,347
Real estate	176	-	-	176
Cash and cash equivalents	84,479	-	-	84,479
Private Investments				
Equities	10,719	3,966	955,557	970,242
Fixed income	33	82,660	443,899	526,592
Real estate	1,810	1,812	504,220	507,842
Energy and commodities	-	680	446,792	447,472
Total	\$ 2,663,582	\$ 847,592	\$ 2,771,048	\$ 6,282,222

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

December 31, 2015 and 2014

4. Excise and Income Taxes

Excise and income taxes provided for in the financial statements for the years ended December 31, 2015 and 2014, include the following components (000's omitted):

	<u>2015</u>	<u>2014</u>
Federal excise taxes:		
Current	\$ 6,218	\$ 6,211
Deferred taxes included in unrealized appreciation	(4,757)	(2,951)
Total federal excise taxes	<u>1,461</u>	<u>3,260</u>
Federal and state income taxes:		
Current	456	(366)
Total excise and income taxes	<u>\$ 1,917</u>	<u>\$ 2,894</u>

5. Commitments and Contingencies

Guarantees

The Foundation enters into guarantees to advance its program goals. Total outstanding guarantees were \$37.1 million and \$24.7 million as of December 31, 2015 and 2014, respectively. The Foundation records a liability if it is more likely than not a guarantee will be called and the expected amount to be called can be estimated. These liabilities totaled \$5.7 million as of December 31, 2015 and 2014.

Line of Credit

The Foundation has a \$250 million unsecured committed line of credit carrying an interest rate of either LIBOR plus 45 basis points or Prime. The Foundation has no notes outstanding under this line of credit agreement as of December 31, 2015 and 2014.

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, 2015, and through June 22, 2016, the date the Foundation's financial statements were available to be issued.