THE GREATER NEW ORLEANS FOUNDATION

Audits of Combined Financial Statements

December 31, 2008 and 2007

Contents

LAPORTE SEHRT ROMIG HAND
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
The Greater New Orleans Foundation

We have audited the accompanying combined statements of financial position of The Greater New Orleans Foundation (the Foundation) as of December 31, 2008 and 2007, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of The Greater New Orleans Foundation's management. Our responsibility is to express an opinion on these combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of The Greater New Orleans Foundation as of December 31, 2008 and 2007, 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.

LaPorte, Sehrt, Romig & Hand

A Professional Accounting Corporation

June 3, 2009

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THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Financial Position
December 31, 2008 and 2007

	2008	2007
Assets		
Cash and Cash Equivalents	**$ 2,340,168**	$ 4,204,203
Accounts and Interest Receivable	**227,959**	240,622
Unconditional Promises to Give (Net of Discount of $103,542 and $186,930, for 2008 and 2007, Respectively)	**9,696,372**	646,768
Investments	**163,127,690**	181,907,246
Assets Held in Charitable Remainder Trusts and Lead Trust	**2,340,973**	3,516,036
Beneficial Interests in Remainder Trusts	**178,275**	250,532
Depreciable Assets, Net	**53,714**	62,553
Real Estate Held	**845,000**	985,000
Other Assets	**246,051**	231,284
Total Assets	**$ 179,056,202**	$ 192,044,244
Liabilities and Net Assets		
Liabilities		
Accounts Payable	**$ 229,158**	$ 139,746
Grants Payable	**2,744,214**	558,708
Liabilities Under Split-Interest Agreements	**2,132,301**	2,505,717
Agency Funds	**9,002,444**	10,525,445
Total Liabilities	**14,108,117**	13,729,616
Net Assets		
Unrestricted		
Endowment Purposes	**95,207,908**	69,748,180
Available for Grants	**58,896,252**	96,369,175
Temporarily Restricted	**10,843,925**	12,197,273
Total Net Assets	**164,948,085**	178,314,628
Total Liabilities and Net Assets	**$ 179,056,202**	$ 192,044,244

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 31,963,031	$ 8,844,050	$ -	$ 40,807,081
Fees	1,222,264	-	-	1,222,264
Interest, Dividends and Realized Gains	669,602	76,869	-	746,471
Change in Value of Split-Interest Agreements	(141,422)	(855,816)	-	(997,238)
Net Unrealized Losses on Investments	(30,069,175)	-	-	(30,069,175)
Net Assets Released from Restriction	9,418,451	(9,418,451)	-	-
Total Support and Revenues	13,062,751	(1,353,348)	-	11,709,403
Expenses				
Grants	21,100,174	-	-	21,100,174
Administrative Expenses	2,848,212	-	-	2,848,212
Administrative Fees	1,127,560	-	-	1,127,560
Total Expenses	25,075,946	-	-	25,075,946
Change in Net Assets	(12,013,195)	(1,353,348)	-	(13,366,543)
Net Assets, Beginning of Year	166,117,355	12,197,273	-	178,314,628
Net Assets, End of Year	$ 154,104,160	$ 10,843,925	$ -	$ 164,948,085

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statement of Activities
For the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Contributions	$ 24,248,109	$ 7,772,083	$ -	$ 32,020,192
Fees	1,110,810	-	-	1,110,810
Interest, Dividends and Realized Gains	12,772,804	-	-	12,772,804
Change in Value of Split-Interest Agreements	(37,859)	(20,253)	-	(58,112)
Net Unrealized Gains on Investments	3,874,301	-	-	3,874,301
Net Assets Released from Restriction	1,772,960	(1,772,960)	-	-
Total Support and Revenues	43,741,125	5,978,870	-	49,719,995
Expenses				
Grants	11,918,105	-	-	11,918,105
Administrative Expenses	2,072,990	-	-	2,072,990
Administrative Fees	1,019,756	-	-	1,019,756
Total Expenses	15,010,851	-	-	15,010,851
Change in Net Assets	28,730,274	5,978,870	-	34,709,144
Net Assets, Beginning of Year	137,387,081	6,218,403	-	143,605,484
Net Assets, End of Year	$ 166,117,355	$ 12,197,273	$ -	$ 178,314,628

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

THE GREATER NEW ORLEANS FOUNDATION
Combined Statements of Cash Flows
For the Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows from Operating Activities		
Change in Net Assets	**$(13,366,543)**	$34,709,144
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities		
Net Unrealized Losses (Gains) on Investments	**30,069,175**	(3,874,301)
Depreciation	**8,839**	4,889
Decrease in Accounts and Interest Receivable	**12,663**	570,908
(Increase) Decrease in Unconditional Promises to Give	**(9,049,604)**	45,051
Decrease in Assets Held in Trusts	**1,175,063**	37,416
Decrease (Increase) in Beneficial Interest in Remainder Trust	**72,257**	(4,023)
Increase in Other Assets	**(14,767)**	(24,954)
Increase in Accounts Payable	**89,412**	7,731
Increase (Decrease) in Grants Payable	**2,185,506**	(128,282)
(Decrease) Increase in Liabilities Under Split-Interest Agreements	**(373,416)**	93,065
(Decrease) Increase in Agency Funds	**(1,523,001)**	1,837,349
Net Cash Provided by Operating Activities	**9,285,584**	33,273,993
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	**50,279,420**	34,126,601
Purchase of Investments	**(61,429,039)**	(64,466,164)
Purchase of Depreciable Assets	**-**	(55,308)
Net Cash Used in Investing Activities	**(11,149,619)**	(30,394,871)
Net (Decrease) Increase in Cash and Cash Equivalents	**(1,864,035)**	2,879,122
Cash and Cash Equivalents, Beginning of Year	**4,204,203**	1,325,081
Cash and Cash Equivalents, End of Year	**$ 2,340,168**	$ 4,204,203

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

Note 1. Summary of Significant Accounting Policies

The Greater New Orleans Foundation and its supporting organizations (the Foundation) are a community foundation created to build charitable endowments and to assist the community in many areas. The Foundation administers many individual charitable funds, each established with a gift instrument describing either the general or specific purposes from which grants will be made. The Foundation's spending policy for endowed funds is based on a percentage of a twelve quarter rolling average. The Foundation improves the quality of life for all citizens of the area, now and for future generations. As a catalyst and resource for philanthropy, the Foundation demonstrates strategic grant making that invests in leaders and systematic change, builds irrevocable endowments for the community's changing issues and opportunities, and serves as a flexible and cost-effective vehicle for philanthropists to invest in their community.

Basis of Accounting

The Foundation prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Combined Financial Statements

The financial statements of the Foundation include the accounts of The Greater New Orleans Foundation and nine supporting organizations.

Supporting Organizations

Supporting organizations are affiliated charitable organizations, which enjoy the continuing involvement of their founders yet gain public charity status through their affiliation with the Foundation. The net assets of the supporting organizations at December 31, 2008 and 2007, were $18,663,440 and $23,651,695, respectively, and are included in Unrestricted - Available for Grants net assets classification.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

In accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made,* the Foundation's contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Note 1. Summary of Significant Accounting Policies (Continued)

Accounting standards provide that if the governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as unrestricted net assets. However, under the Foundation's governing instruments, the assets are held as endowment funds until such time (if ever) as the governing body deems it prudent and appropriate to expend some part of the principal or appreciation. Accordingly, the combined financial statements classify all net assets that meet these criteria as unrestricted, but segregate the portion that is held as endowment from the funds that are currently available for grants and administration.

The Foundation received contributions of $8,844,050 in 2008 and $7,772,083 in 2007 designated for hurricane relief and for the rebuilding of New Orleans. At December 31, 2008 and 2007, these net assets were $10,183,334 and $10,653,654, respectively, and are included in temporarily restricted net assets in the Foundation's combined statement of financial position.

New Donations
New donations are accrued when all events required for the transfer of the assets from the donor to the Foundation have occurred.

Investments
In accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations,* the Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the combined statements of financial position. Unrealized and realized gains and losses are included in the change in net assets. An investment in a non-publicly traded company is stated at the value established in the most recent valuation of the company.

Dividend and interest income is accrued when earned.

Fair Values of Financial Instruments
In 2008, the Foundation adopted the provisions of SFAS No. 157, *Fair Value Measurements*. Under SFAS No. 157, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

SFAS No. 157 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement (see Note 11).

The Foundation's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Investments - The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment.

Unconditional Promises to Give - The fair value of contributions is equal to the carrying value for contributions expected to be collected within one year. Contributions expected to be collected in future periods are discounted to present value based on management's assumptions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Note 1. Summary of Significant Accounting Policies (Continued)

Depreciable Assets
Assets are recorded at cost. Depreciation is provided on the straight-line method. Computer and office furniture and equipment are depreciated over a five to seven-year period. Leasehold improvements are depreciated over the life of the lease.

Grants
Grants payable are grants authorized but unpaid at year-end. The recipients of these grants are subject to routine performance requirements.

Administrative Fees
The Foundation charges administrative fees to the various funds. Revenues from such assessments totaled $1,222,264 in 2008 and $1,110,810 in 2007, respectively.

Cash and Cash Equivalents
The Foundation considers investments in money market accounts to be cash equivalents, except for certain money market accounts maintained with investments at financial institutions which are reported as investments, as disclosed in Note 3.

Income Taxes
The Foundation is exempt from federal tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. Gifts to the Foundation are tax deductible.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Endowment Funds
In August 2008, the Financial Accounting Standards Board issued FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* (FSP FAS 117-1). FSP FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FSP FAS 117-1 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the organization is subject to UPMIFA (see Note 13). As of December 31, 2008, the State of Louisiana has not adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Note 1. Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement 109*. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes*. FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of retained earnings. Additional disclosures about the amounts of such liabilities will be required also. The Foundation presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable, respectively, that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, *Accounting for Contingencies*. The Foundation has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for nonpublic enterprises, such as the Foundation, included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. The Foundation will be required to adopt FIN 48 in its 2009 annual financial statements. Management does not expect the adoption of FIN 48 to have a material effect on its financial statements.

Note 2. Agency Funds

Agency Funds are funds in which the Foundation acts as a trustee and has a duty to hold and manage assets for the benefit of a specific beneficiary. Activity related to agency funds for the years ended December 31, 2008 and 2007, are as follows:

	2008	2007
Funds Received	**$ 2,362,062**	$ 2,543,076
Interest and Dividends	**153,182**	698,609
Gains on Investments	**(2,026,895)**	198,254
Disbursements to Beneficiaries	**(1,956,608)**	(1,542,892)
Administrative Fees	**(54,742)**	(50,698)
Net Change	**(1,523,001)**	1,837,349
Agency Funds		
Beginning of Year	**10,525,445**	8,688,096
End of Year	**$ 9,002,444**	$ 10,525,445

Note 3. Investments

Investments consist of the following as of December 31, 2008:

		Fair Market Value		Cost or Assigned Amount
Equity Funds	**$**	**81,394,515**	**$**	**89,503,012**
Fixed Income Funds		**45,364,199**		**43,885,843**
Money Market Funds		**20,746,546**		**20,746,546**
Other Investments		**15,622,430**		**16,275,400**
Total	**$**	**163,127,690**	**$**	**170,410,801**

Investments consist of the following as of December 31, 2007:

		Fair Market Value		Cost or Assigned Amount
Equity Funds	$	109,893,130	$	87,201,785
Fixed Income Funds		25,940,709		25,196,275
Money Market Funds		31,594,005		31,594,005
Other Investments		14,479,402		15,263,495
Total	$	181,907,246	$	159,255,560

During 2007 and continuing in 2008, the Board decided to further diversify the investment portfolio by investing in certain Private Equity ventures. Through varying investment vehicles, the Greater New Orleans Foundation has committed $26,500,000 to these investments while funding $8,378,000. The Board continues to review additional investment opportunities while maintaining the targeted asset allocation within its investment policy.

Note 4. Split-Interest Agreements

The Foundation's split-interest agreements at December 31, 2008, include nine charitable remainder unitrusts, five charitable remainder annuity trusts, one charitable lead unitrust, and three charitable gift annuities. The Foundation is named trustee on seven of the unitrusts, the five annuity trusts and the three gift annuities.

Note 4. Split-Interest Agreements (Continued)

Charitable remainder trusts (unitrusts and annuity trusts) provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are available for the Foundation's use. The portion of the trust attributable to the present value of the future benefits to be received by the Foundation is recorded as a temporarily restricted contribution in the combined statement of activities in the period the trust is established. Assets held in the charitable remainder trusts were $2,173,454 and $3,271,216, at December 31, 2008 and 2007, respectively, and are reported at fair market value in the Foundation's combined statements of financial position. Changes in fair market value of charitable remainder trusts are reflected as a change in net assets in the Foundation's combined statements of activities. On a quarterly basis, the Foundation reviews the need to revalue the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments $1,691,138 and $2,001,049, at December 31, 2008 and 2007, respectively, is calculated using discount rates that range from 3.8% to 10.0% and applicable mortality tables.

The net asset values of the charitable remainder trusts for which the Foundation is not the trustee were $178,275 and $250,532, at December 31, 2008 and 2007, respectively. These trusts are reported as beneficial interest in remainder trusts in the Foundation's combined statements of financial position and are stated at fair market value of the assets held in trust less the present value of future payments to the designated income beneficiaries.

In 1998, a donor established a trust with a financial institution naming the Foundation as the lead beneficiary of a charitable lead unitrust. Under the terms of the split-interest agreement, the Foundation is to receive 10% of the net fair market value of the trust's assets as of the first day of each year for its unrestricted use until the trust term expires in 2008. At the end of the trust term, the trust is to continue for the benefit of others. Assets held in the lead trust were $167,519 and $244,820 at December 31, 2008 and 2007, respectively. Based on the trust term and the use of a 6.8% discount rate, the present value of future benefits expected to be available for others was estimated to be $167,519 and $221,898, at December 31, 2008 and 2007, respectively, which is included in Liabilities Under Split-Interest Agreements in the Foundation's combined statements of financial position.

Note 4. Split-Interest Agreements (Continued)

The portion of net assets related to the split-interest agreements that are classified as Temporarily Restricted Net Assets at December 31st are as follows:

	2008	2007
Assets Held in Charitable Remainder Trusts	**$ 2,173,454**	$ 3,271,216
Assets Held in Charitable Lead Trusts	**167,519**	244,820
Total Assets Held in Charitable Remainder Trusts and Lead Trusts	**2,340,973**	3,516,036
Beneficial Interests in Remainder Trusts	**178,275**	250,532
Total Assets	**2,519,248**	3,766,568
Liabilities Under Charitable Remainder Trusts	**1,691,138**	2,001,049
Liabilities Under Lead Trust	**167,519**	221,898
Total Liabilities	**1,858,657**	2,222,947
Temporarily Restricted Net Assets	**$ 660,591**	$ 1,543,621

Charitable gift annuities were established in 1998 and 2003, and in 2007 in which assets were transferred to the Foundation. The Foundation pays $55,962 annually to the donors until the donors' death. The assets of $246,239 and $397,305, at December 31, 2008 and 2007, respectively, are included in investments and the present value of estimated future payments of $273,644 and $282,770, at December 31, 2008 and 2007, respectively, are included in the Liabilities Under Split-Interest Agreements in the Foundation's combined statements of financial position.

Note 5. Depreciable Assets

Depreciable assets are summarized as follows by major classification at December 31st:

	2008	2007
Computer Equipment	**$ 67,552**	$ 67,552
Office Furniture and Equipment	**82,904**	82,904
Leasehold Improvements	**17,363**	17,363
	167,819	167,819
Less: Accumulated Depreciation	**(114,105)**	(105,266)
Net Depreciable Assets	**$ 53,714**	$ 62,553

Depreciation expense was $8,839 in 2008 and $4,889 in 2007.

Note 6. Real Estate Held

The Foundation received a donation of real estate during 2001. The donation was a residential property with an appraised value of $845,000, which was part of a life estate contract. This donation was recorded as a contribution in the combined statement of activities.

Note 7. Restricted Assets

Temporarily restricted net assets as of December 31st have the following donor restrictions on them:

	2008	2007
Restricted for the Purpose of:		
Hurricane Relief	**$ 10,183,334**	$ 10,653,652
Charitable Remainder Trusts	**660,591**	1,543,621
Total	**$ 10,843,925**	$ 12,197,273

Note 8. Release of Restricted Assets

Net assets were released from restrictions by meeting the time restrictions or by incurring expenses satisfying the restricted purposes.

	2008	2007
Restrictions Accomplished:		
Hurricane Relief Grants and Fees	**$ 9,391,238**	$ 1,712,113
Charitable Lead Trust Grants	**27,213**	60,847
Total	**$ 9,418,451**	$ 1,772,960

Note 9. Building Lease

The Foundation leases office space through February 28, 2009. Rental expense was $151,857 in 2008 and $138,197 in 2007, respectively. The Foundation subleased a portion of its space for a total of $27,472 in 2008 and $24,711 in 2007, respectively. The sublease arrangement is currently on a monthly basis. Subsequent to December 31, 2008, the Foundation signed a new 62 month lease for its office space ending June 30, 2014.

Minimum future obligations on the lease in effect as of December 31, 2008, are as follows:

	Lease Expense
2009	$ 25,012
Total	$ 25,012

Note 10. Pension Plan

The Foundation has a defined contribution pension plan for all employees. Employees are eligible to participate in the plan after completing six months of service. This plan specifies that the Foundation contribute on behalf of the employees based on their annual compensation. The Foundation's contribution was 8% of the employees' compensation for 2008 and 2007. Contributions were $66,870 and $52,474, for 2008 and 2007, respectively.

Note 11. Fair Value of Financial Instruments

The Foundation's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with SFAS 157. See Note 1 for a description of the Foundation's policies and valuation procedures.

The valuation of the Foundation's assets and liabilities measured at fair value on a recurring basis at December 31, 2008, are as follows:

Assets	Level 1	Level 2	Level 3	Net Balance
Investments	$ 105,070,450	$ 50,430,624	$ 7,626,616	$ 163,127,690
Unconditional Promises to Give	-	-	9,696,372	9,696,372
Total	$ 105,070,450	$ 50,430,624	$ 17,322,988	$ 172,824,062

The changes in investments measured at fair value for which the Foundation has used Level 3 inputs to determine fair value are as follows:

Assets	Investments	Unconditional Promises to Give	Total
Balance, January 1, 2008	$ 4,771,150	$ 646,768	$ 5,417,918
Net Realized and Unrealized Losses	(537,804)	-	(537,804)
Net Payments and Gifts	-	9,000,000	9,000,000
Net Purchases and Sales	3,393,270	-	3,393,270
Change in Present Value	-	49,604	49,604
Balance, December 31, 2008	$ 7,626,616	$ 9,696,372	$ 17,322,988

Note 11. Fair Value of Financial Instruments (Continued)

The following disclosure is made in accordance with the requirements of SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash. Listed below are the carrying amounts of financial instruments which approximate fair value.

	December 31, 2008		December 31, 2007	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	(In Thousands)			
Financial Assets				
Cash and Cash Equivalents	**$ 2,340,168**	**$ 2,340,168**	$ 4,204,203	$ 4,204,203
Accounts and Interest Receivable	**227,959**	**227,959**	240,622	240,622
Unconditional Promises to Give, Net	**9,696,372**	**9,696,372**	646,768	646,768
Investments	**163,127,690**	**163,127,690**	181,907,246	181,907,246
Assets Held in Charitable Remainder Trusts and Lead Trust	**2,340,973**	**2,340,973**	3,516,036	3,516,036
Beneficial Interests in Remainder Trusts	**178,275**	**178,275**	250,532	250,532
Financial Liabilities				
Accounts Payable	**$ 229,158**	**$ 229,158**	$ 139,746	$ 139,746
Grants Payable	**2,744,214**	**2,744,214**	558,708	558,708
Liabilities Under Split-Interest Agreements	**2,132,301**	**2,132,301**	2,505,717	2,505,717

Note 12. Contingency

The Internal Revenue Service (IRS) audited one of the Foundation's supporting organizations and attempted to reclassify it to a private non-operating foundation and impose additional taxes as a result thereof. During 2007, the IRS notified the Foundation that it has closed this matter with no recommended changes in the supporting organization structure.

Note 13. Endowment Funds

As of December 31, 2008 and 2007, respectively, the Board of Directors had designated $95,207,908 and $69,748,180, of unrestricted net assets for endowment purposes. Since these amounts resulted from an internal designation and are not donor-restricted, they are classified and reported as unrestricted net assets.

Note 13. Endowment Funds (Continued)

The Foundation follows a Total Return Spending Policy for its endowment funds. Endowment funds are invested for maximum total return (within acceptable risk parameters), without distinction between income and capital gains. The market value of the fund is measured over the past 12 quarters, and a percentage of the average of those values is made available for grants. This method appropriately puts the focus on the long-term growth of the fund. This, in turn, encourages the appropriate use of equities in the fund, helping the fund to grow at a rate greater than inflation. The annual percentage for 2008 distributions is 4%. This percentage is evaluated each year and adjusted as necessary.

The primary financial objective for the Foundation is to increase the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of investment management. Endowment assets are invested in a well diversified asset mix, which includes equity securities, fixed income securities and alternative investments, that is intended to meet this objective. The Foundation has established a 5% real rate of return objective for the Foundation's portfolio. Actual returns in any given year may vary from this amount. Investment assets and allocation between asset classes and strategies are managed to not expose the endowment assets to unacceptable levels of risk.

Composition of and changes in endowment net assets for the year ended December 31, 2008, were as follows:

Unrestricted Endowment Net Assets, Beginning of Year	$ 69,748,180
Contributions	25,345,521
Net Transfers	114,207
Unrestricted Endowment Net Assets, End of Year	$ 95,207,908