

THE CENTURY FOUNDATION, INC.

**Financial Statements
for year ended
June 30, 2013**

Independent Auditor's Report

To the Board of Trustees
The Century Foundation, Inc.

We have audited the accompanying financial statements of The Century Foundation, Inc. which comprise the statement of financial position as of June 30, 2013 and June 30, 2012 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 audits 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 entity'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 entity'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Century Foundation, Inc. as of June 30, 2013 and June 30, 2012 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Condon O'Meara McGinty & Donnelly LLP

October 25, 2013

THE CENTURY FOUNDATION, INC.

Statement of Financial Position

Assets

	June 30	
	2013	2012
Cash	\$ 57,034	\$ 97,949
Accrued interest and dividends receivable	49,144	49,624
Building – downpayment receivable	-	2,500,000
Accounts receivable	1,152	-
Grants receivable	93,600	489,400
Prepaid expenses	31,574	46,680
Investments, at fair value	60,922,402	37,508,080
Property and equipment, at cost, net of accumulated depreciation	633,343	824,567
Restricted cash	387,693	386,777
Total assets	\$ 62,175,942	\$ 41,903,077

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 80,030	\$ 233,465
Deferred rent	272,400	-
Postretirement benefit obligation	8,249	574,896
Deferred building downpayment	-	2,500,000
Total liabilities	360,679	3,308,361

Net assets

Unrestricted		
Net outstanding project commitments	-	25,000
Net investment in property and equipment	633,343	824,567
Available for investment and future projects	60,768,590	37,085,275
Total unrestricted	61,401,933	37,934,842
Temporarily restricted net assets	413,330	659,874
Total net assets	61,815,263	38,594,716
Total liabilities and net assets	\$ 62,175,942	\$ 41,903,077

See notes to financial statements.

THE CENTURY FOUNDATION, INC.

Statement of Activities

	Year Ended June 30					
	2013		2012			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Interest and dividends	\$ 1,071,788	\$ -	\$ 1,071,788	\$ 960,636	\$ -	\$ 960,636
Royalties and net publication sales	17,011	-	17,011	15,469	-	15,469
Grants, contributions and other	59,502	-	59,502	27,146	519,400	546,546
Net assets released from restrictions	246,544	(246,544)	-	163,689	(163,689)	-
Total support and revenue	<u>1,394,845</u>	<u>(246,544)</u>	<u>1,148,301</u>	<u>1,166,940</u>	<u>355,711</u>	<u>1,522,651</u>
Expenses						
Operations						
Program	2,690,773	-	2,690,773	2,546,296	-	2,546,296
Publishing	485,288	-	485,288	614,406	-	614,406
Administration	990,760	-	990,760	1,078,009	-	1,078,009
Total expenses	<u>4,166,821</u>	<u>-</u>	<u>4,166,821</u>	<u>4,238,711</u>	<u>-</u>	<u>4,238,711</u>
Excess (deficiency) of revenue over expenses before other additions (deduction)	<u>(2,771,976)</u>	<u>(246,544)</u>	<u>(3,018,520)</u>	<u>(3,071,771)</u>	<u>355,711</u>	<u>(2,716,060)</u>
Other additions (deduction)						
Net realized gain (loss) on investments	3,438,727	-	3,438,727	(46,771)	-	(46,771)
Change in unrealized appreciation of investments	(818,423)	-	(818,423)	534,262	-	534,262
Net gain on sale of artwork	14,297	-	14,297	199,210	-	199,210
Net gain on sale of property	23,037,819	-	23,037,819	-	-	-
Total other additions	<u>25,672,420</u>	<u>-</u>	<u>25,672,420</u>	<u>686,701</u>	<u>-</u>	<u>686,701</u>
Increase (decrease) in net assets before adjustment	22,900,444	(246,544)	22,653,900	(2,385,070)	355,711	(2,029,359)
Effect of postretirement benefit obligation adjustment						
Increase (decrease) in net assets	<u>566,647</u>	<u>-</u>	<u>566,647</u>	<u>46,555</u>	<u>-</u>	<u>46,555</u>
Net assets, beginning of year	<u>23,467,091</u>	<u>(246,544)</u>	<u>23,220,547</u>	<u>(2,338,515)</u>	<u>355,711</u>	<u>(1,982,804)</u>
Net assets, end of year	<u>37,934,842</u>	<u>659,874</u>	<u>38,594,716</u>	<u>40,273,357</u>	<u>304,163</u>	<u>40,577,520</u>
	<u>\$ 61,401,933</u>	<u>\$ 413,330</u>	<u>\$ 61,815,263</u>	<u>\$ 37,934,842</u>	<u>\$ 659,874</u>	<u>\$ 38,594,716</u>

See notes to financial statements.

THE CENTURY FOUNDATION, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 23,220,547	\$ (1,982,804)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Realized (gain) loss on sale of investments	(3,438,727)	46,771
Change in unrealized appreciation of investments	818,423	(534,262)
Net gain on sale of property	(23,037,819)	-
Depreciation and amortization	166,161	70,185
Deferred rent	272,400	-
Decrease in accrued interest and dividends receivable	480	4,753
(Increase) decrease in accounts receivable	(1,152)	20,741
(Increase) decrease in grants receivable	395,800	(249,400)
Decrease in prepaid expenses	15,106	2,871
Increase in accounts payable and accrued expenses	(153,435)	131,012
(Decrease) in postretirement benefit obligation	<u>(566,647)</u>	<u>(10,692)</u>
Net cash (used in) operating activities	<u>(2,308,863)</u>	<u>(2,500,825)</u>
Cash flows from investing activities		
Purchase of property and equipment	(574,700)	(129,699)
Net proceeds from sale of property	23,637,582	-
Purchases of investments	(37,771,573)	(2,146,213)
Proceeds from sale of investments	<u>16,977,555</u>	<u>5,250,576</u>
Net cash provided by investing activities	<u>2,268,864</u>	<u>2,974,664</u>
Net increase (decrease) in cash	(39,999)	473,839
Cash, beginning of year	<u>484,726</u>	<u>10,887</u>
Cash, end of year	<u>\$ 444,727</u>	<u>\$ 484,726</u>
Consist of		
Cash – Operating	\$ 57,034	\$ 97,949
Cash – Restricted	<u>387,693</u>	<u>386,777</u>
Total cash	<u>\$ 444,727</u>	<u>\$ 484,726</u>

See notes to financial statements.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements
June 30, 2013****Note 1 – Nature of organization**

The Century Foundation (the “Foundation”) is a non-partisan progressive think tank, founded in 1919 and initially funded by Edward Filene, a man best known for his store’s Basement which was established as a way to make goods affordable to working people. At Mr. Filene’s death in 1937, he was a close associate of President Franklin Roosevelt, and one of the leading liberal businessmen in the country. Along the way, he was a champion of fair workplaces and employee ownership strategies, all with an eye to ensuring that economic opportunity is available to all.

Until the end of the last century, the Foundation was called the Twentieth Century Fund. Trustees over the years have included Theodore Sorensen, Arthur Schlesinger, Jr., John Kenneth Galbraith, Justice Robert Jackson and J. Robert Oppenheimer.

The Foundation is an operating Foundation, which means it does not make grants. Instead, it issues analyses and convenes and promotes the best thinkers across a range of public policy questions. Its work today focuses on issues of equity and opportunity in the United States, and how American values can best be sustained and advanced in a world of more diffuse power.

Note 2 – Summary of significant accounting policies**Basis of accounting**

The financial statements of the Foundation have been prepared on the accrual basis. The financial statement presentation is in conformity with accounting principles generally accepted in the United States of America for nonprofit organizations, which require that the Foundation report information regarding its financial activities according to three classes of net assets, as applicable: unrestricted, temporarily restricted and permanently restricted. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net assets

Unrestricted net assets include net assets that have no donor-imposed stipulations. Temporarily restricted net assets are gifts received with donor stipulations that limit the use of the donated assets to specific projects. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the accompanying statement of activities. As required by accounting principles generally accepted in the United States of America, net assets are classified and reported based on donor-imposed restrictions.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements (continued)
June 30, 2013****Note 2 – Summary of significant accounting policies (continued)**Cash equivalents

Cash equivalents represent investments with original maturities of three months or less.

Restricted cash

In connection with the Foundation's lease agreement, the Foundation maintains a separate bank account as collateral for the letter of credit.

Fair value of financial instruments

Investments in mutual funds and fixed income obligations are reported at fair value based on quoted market prices. Unrealized gains and losses are determined using quoted market prices at the respective statement of financial position dates. Realized gains and losses from sales of securities are determined on a first-in, first-out basis. Investment transactions are accounted for on a trade-date basis. The Foundation also invests in Alternative Investments. The value of the Alternative Investments, which is adjusted for unrealized gains and losses, is based upon the most recent available information provided by management of the Alternative Investments. There is uncertainty in determining fair values of Alternative Investments, arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, time lags associated with reporting by the investee companies, and the subjective evaluation of liquidity restrictions. As a result, the estimated fair values reported in the accompanying statement of financial position might differ from the values that would have been used had a ready market for the Alternative Investments interests existed. Furthermore, there is at least a reasonable possibility that estimates will change by material amounts in the near term.

Property and equipment

Leasehold improvements, furniture, fixtures and equipment are recorded at cost. The Foundation capitalizes expenditures for assets in excess of a nominal amount with an estimated useful life of greater than one year. Depreciation of furniture and equipment is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the term of the related lease or the estimated useful lives of the assets. During the 2013 fiscal year in connection with the sale of the building, the Foundation deleted assets with a cost basis of \$1,574,808 and a net book value of \$599,763.

Research projects

The cost of research projects is recognized as incurred. Unexpended appropriations for projects in process at year-end are reported as designations of the net assets. The remaining balances of funds contributed on behalf of specific projects or programs are classified as temporarily restricted assets.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements (continued)
June 30, 2013****Note 2 – Summary of significant accounting policies (continued)**Expense allocations

Expenses that are not attributable to a specific function are allocated across all functions based upon various allocation factors. The allocation percentages are determined based upon a time analysis for all employees.

Occupancy lease

Occupancy lease expense has been recorded on the straight-line basis over the term of the lease. Deferred rent has been recorded for the difference between the fixed payments and rent expense.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

Concentrations of credit risk

The Foundation's financial instruments that are potentially exposed to concentrations of credit risk consist of cash and investments. The Foundation places its cash with what it believes to be quality financial institutions. The Foundation invests in mutual funds, U.S. government and agency obligation, mutual funds and Alternative Investments. Investments are exposed to various risks such as interest rate, market and credit. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at June 30, 2013. The Foundation believes that no significant concentrations of credit risk exist with respect to its cash and investments.

Subsequent events

Subsequent events have been evaluated through October 25, 2013, which is the date these financial statements were available to be issued.

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2013

Note 3 – Property and equipment

Property and equipment and the related accumulated depreciation at June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Lives</u>
Land	\$ -	\$ 125,000	N/A
Building	-	175,000	40 years
Building improvements	-	806,808	10 to 40 years
Leasehold improvements	417,495	-	15 years
Equipment	<u>343,993</u>	<u>655,789</u>	3 to 7 years
Total cost	761,488	1,762,597	
Accumulated depreciation	<u>(128,145)</u>	<u>(938,030)</u>	
Net	<u>\$ 633,343</u>	<u>\$ 824,567</u>	

During 2012, the Foundation sold its building for \$25,000,000. The closing of title took place October 18, 2012. In connection with the sale, the Foundation incurred closing costs of \$1,362,418. In addition, the Foundation wrote off assets with a net book value of \$599,763.

Note 4 – Employee benefits

Defined contribution plan

Retirement benefits for substantially all employees are provided through defined contributions by the Foundation to individual annuity contracts with Teachers Insurance and Annuity Association and College Retirement Equities Fund. Effective June 1, 2012, the Foundation matches employee contributions up to 5%. Prior to June 1, 2012, the Foundation contributed 10% of the employees' base salary. Employees are eligible for participation in the plan upon the completion of six months of service. The cost of the plan was \$68,198 and \$170,777 for the years ended June 30, 2013 and 2012, respectively. Additionally, employees have the option to participate in before-tax contributions to a separate annuity plan subject to limits determined by IRC guidelines.

Postretirement

The Board of Directors at its meeting on October 26, 2012 voted to rescind the post-retirement healthcare program (the "Program"). In connection with the Program being rescinded, the Foundation recognized a gain from deferred postretirement costs of \$566,647. Employees who had retired from the Foundation prior to the plan being rescinded are still entitled to reimbursement for medical benefits subject to certain maximums. The benefit obligation as of June 30, 2013 is \$8,249.

Prior to the Program being rescinded, the Foundation covered substantially all of the employees if they reached retirement age while working for the Foundation and after satisfying certain years of service requirements.

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2013

Note 4 – Employee benefits (continued)

The Foundation recognized the postretirement benefit obligation in accordance with the accounting standard for pension plans. This standard requires organizations to recognize the over-funded or under-funded status of a postretirement benefit plan as an asset or liability in its statement of financial position.

The benefit obligation, plan assets, contributions, payments, and funded status for the post-retirement benefit program as of and for the years ended June 30, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Benefit obligation	\$ (8,249)	\$ (574,896)
Fair value of plan assets	-	-
Funded status	<u>\$ (8,249)</u>	<u>\$ (574,896)</u>
Items not yet recognized as a component of net periodic benefit cost		
Prior service cost	\$ -	\$ 44,041
Net (gain)	-	(10,044)
Total	<u>\$ -</u>	<u>\$ 33,997</u>
	<u>2013</u>	<u>2012</u>
Employer contributions	\$ 6,698	\$ 7,145
Benefits paid	6,698	7,145
Net periodic benefit cost	6,698	43,008
Weighted average assumption to determine benefit obligations and benefit costs for years ended June 30:		
Discount rate (benefit obligation)	N/A	4.02%
Discount rate (benefit costs)	N/A	4.02%

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2013

Note 5 – Investments

The Foundation's aggregate investments comprise the following as of June 30, 2013 and June 30, 2012:

	2013	
	Cost	Fair Value
Cash and cash equivalents	\$ 2,313,908	\$ 2,313,908
Mutual funds		
Fixed income	9,998,674	10,065,421
Balanced	7,481,506	10,829,757
Equities	19,252,951	20,951,653
U.S. Government and Agency obligations	5,380,398	6,010,985
Alternative investments	10,500,000	10,750,678
Total	\$ 54,927,437	\$ 60,922,402
	2012	
	Cost	Fair Value
Cash and cash equivalents	\$ 290,143	\$ 290,143
Mutual funds		
Fixed income	4,373,673	4,742,099
Balanced	9,613,880	12,518,602
Equities	9,333,741	11,562,631
U.S. Government and Agency obligations	3,565,726	4,480,081
Preferred stock	100,235	100,320
Limited partnership	3,417,292*	3,814,204
Total	\$ 30,694,690	\$ 37,508,080

* The limited partnership cost basis represents the taxable basis for this investment. The Foundation has redeemed its original investment from the Limited Partnership.

Fair value measurements

The Foundation reports its investments under the Financial Accounting Standards fair value 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 and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under this standard are as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets.

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2013

Note 5 – Investments (continued)

Fair value measurements (continued)

Level 2 - Quoted prices for identical assets in markets that are not active, quoted prices for similar assets in active markets, inputs other than quoted market prices, and inputs derived principally from observable market data.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2013 from that of the previous year.

- U.S. government and agency obligations are valued at the closing price reported on the active market on which the individual investments are traded.
- Mutual funds are valued at the net asset value of shares held by the Foundation at year-end.
- Alternative investments are valued by the management of these investments. Management determines the fair value of its investments based on quoted market prices. If quoted market prices are not available, fair value is based on other relevant factors, including dealer price quotations, price activity for equivalent instruments and valuation pricing models.

The preceding methods described for the alternative investments may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the Foundation's investments that are measured at fair value on a recurring basis as of June 30, 2013:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 2,313,908	\$ 2,313,908	\$ -	\$ -
Mutual funds				
Fixed income	10,065,421	10,065,421	-	-
Balanced	10,829,757	10,829,757	-	-
Equities	20,951,653	20,951,653	-	-
U.S. Government and Agency Obligations	6,010,985	6,010,985	-	-
Alternative investments	<u>10,750,678</u>	<u>-</u>	<u>-</u>	<u>10,750,678</u>
Total	<u>\$ 60,922,402</u>	<u>\$ 50,171,724</u>	<u>\$ -</u>	<u>\$ 10,750,678</u>

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2013

Note 5 – Investments (continued)

Fair value measurements (continued)

The following is a summary of changes in the fair value of the Foundation's Level 3 investment for the year ended June 30, 2012:

Balance, June 30, 2012	\$ 3,814,204
Purchases	10,500,000
Sales	(4,208,158)
Investment return – net	<u>644,632</u>
Balance, June 30, 2013	<u>\$ 10,750,678</u>

The following table presents the Foundation's investments that are measured at fair value on a recurring basis as of June 30, 2012:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 290,143	\$ 290,143	\$ -	\$ -
Mutual funds				
Fixed income	4,742,099	4,742,099	-	-
Balanced	12,518,602	12,518,602	-	-
Equities	11,562,631	11,562,631	-	-
U.S. Government and Agency Obligations	4,480,081	4,480,081	-	-
Preferred stock	100,320	100,320	-	-
Limited partnership	<u>3,814,204</u>	<u>-</u>	<u>-</u>	<u>3,814,204</u>
Total	<u>\$ 37,508,080</u>	<u>\$ 33,693,876</u>	<u>\$ -</u>	<u>\$ 3,814,204</u>

The following is a summary of changes in the fair value of the Foundation's Level 3 investment for the year ended June 30, 2012:

Balance, June 30, 2011	\$ 3,840,347
Investment return – net	<u>(26,143)</u>
Balance, June 30, 2012	<u>\$ 3,814,204</u>

* Effective January 1, 2011, the Limited Partnership was restructured as an offshore investment. The Foundation redeemed \$650,000 of this investment at the time of restructuring.

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2013

Note 6 – Temporarily restricted net assets

The following is a summary of the activity of the temporarily restricted net assets for the year ended June 30, 2013:

<u>Program/Purpose</u>	<u>Balance, June 30, 2012</u>	<u>Contributions and Grants</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance, June 30, 2013</u>
Peter Berle Memorial Education-Community	\$ 41,415	\$ -	\$ -	\$ 41,415
College TF	129,059	-	114,348	14,711
Carnegie Corp of NY - Pakistan	<u>489,400</u>	<u>-</u>	<u>132,196</u>	<u>357,204</u>
Total	<u>\$ 659,874</u>	<u>\$ -</u>	<u>\$ 246,544</u>	<u>\$ 413,330</u>

Note 7 – Commitments

During 2012, the Foundation entered into a lease for office space expiring on February 29, 2028. The Foundation began occupying the new space in October 2012. The lease which contains a ten month rent concession which is being amortized using the straight-line method over the term of the lease. The lease contains a provision for security whereby the Foundation executed an irrevocable standby letter of credit (“LOC”) for \$386,460. The LOC is collateralized by a separate bank account. The future minimum lease payments for fiscal years 2013 through fiscal 2018 are \$354,255 annually (first rent period) \$386,460 for next five years (second rent period) and \$407,930 for the remainder of the term (third rent period). Rent expense for the fiscal year ended June 30, 2013 was \$272,901. The future minimum lease commitment for the office space is \$324,734 for 2014.

The Foundation also occupies office space in Washington, DC under a cost sharing agreement that expires on May 15, 2016. The annual fee for the fiscal years ended June 30, 2013 and 2012 was \$83,944 and \$81,722, respectively. The future annual fees commitment for the office space will be \$99,499 for the 2014 and 2015 fiscal years and \$91,207 for the 2016 fiscal year.

The Alternative Investments are subject to a variety of lockup provisions, notice periods and redemption dates in which the Foundation has the legal right to receive redemption on its investments. At June 30, 2013, such restrictions expire at various times through the 2014 fiscal year.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements (continued)
June 30, 2013****Note 8 – Tax status**

The Foundation has been determined by the Internal Revenue Service (the “IRS”) to be a charitable and educational organization as defined in the Internal Revenue Code (the “Code”) Section 501(c)(3) and is exempt from federal income taxes under Section 501(a) of the Code. As a research Foundation, engaged in the study of cultural, economic and social issues and institutions, the IRS further determined that the Foundation is a private operating foundation as defined in Code Section 4942(j)(3) and, therefore, donors are entitled to the maximum charitable contribution deduction under the Code. As of June 30, 2013, no amounts have been recognized for uncertain income tax positions. The Foundation’s tax returns for the years 2010 and forward are subject to the usual review by the appropriate authorities.