

THE CENTURY FOUNDATION, INC.

**Financial Statements
for year ended
June 30, 2014**

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, 2014 and June 30, 2013 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, 2014 and June 30, 2013 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 24, 2014

THE CENTURY FOUNDATION, INC.

Statement of Financial Position

Assets

	June 30	
	2014	2013
Cash	\$ 186,936	\$ 57,034
Accrued interest and dividends receivable	55,124	49,144
Accounts receivable	1,205	1,152
Grants receivable	183,882	93,600
Prepaid expenses	44,990	31,574
Investments, at fair value	65,212,575	60,922,402
Property and equipment, at cost, net of accumulated depreciation	532,038	633,343
Restricted cash	388,369	387,693
Total assets	\$ 66,605,119	\$ 62,175,942

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 99,703	\$ 88,279
Deferred rent	310,043	272,400
Total liabilities	409,746	360,679

Net assets

Unrestricted		
Net investment in property and equipment	532,038	633,343
Available for investment and future projects	65,304,345	60,768,590
Total unrestricted	65,836,383	61,401,933
Temporarily restricted	358,990	413,330
Total net assets	66,195,373	61,815,263
Total liabilities and net assets	\$ 66,605,119	\$ 62,175,942

See notes to financial statements.

THE CENTURY FOUNDATION, INC.

Statement of Activities

	Year Ended June 30					
	2014		2013			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Interest and dividends	\$ 1,247,697	\$ -	\$ 1,247,697	\$ 1,071,788	\$ -	\$ 1,071,788
Alternative investment income	305,276	-	305,276	-	-	-
Royalties and net publication sales	19,174	-	19,174	17,011	-	17,011
Grants, contributions and other	8,600	431,237	439,837	59,502	-	59,502
Net assets released from restrictions	485,577	(485,577)	-	246,544	(246,544)	-
Total support and revenue	<u>2,066,324</u>	<u>(54,340)</u>	<u>2,011,984</u>	<u>1,394,845</u>	<u>(246,544)</u>	<u>1,148,301</u>
Expenses						
Operations						
Program	2,961,933	-	2,961,933	2,690,773	-	2,690,773
Publishing	491,605	-	491,605	485,288	-	485,288
Administration	916,993	-	916,993	990,760	-	990,760
Total expenses	<u>4,370,531</u>	<u>-</u>	<u>4,370,531</u>	<u>4,166,821</u>	<u>-</u>	<u>4,166,821</u>
(Deficiency) of revenue over expenses before other additions (deduction)	<u>(2,304,207)</u>	<u>(54,340)</u>	<u>(2,358,547)</u>	<u>(2,771,976)</u>	<u>(246,544)</u>	<u>(3,018,520)</u>
Other additions (deduction)						
Net realized gain on investments	5,055,988	-	5,055,988	3,438,727	-	3,438,727
Change in unrealized appreciation of investments	1,682,669	-	1,682,669	(818,423)	-	(818,423)
Net gain on sale of artwork	-	-	-	14,297	-	14,297
Net gain on sale of property	-	-	-	23,037,819	-	23,037,819
Total other additions	<u>6,738,657</u>	<u>-</u>	<u>6,738,657</u>	<u>25,672,420</u>	<u>-</u>	<u>25,672,420</u>
Increase (decrease) in net assets before adjustment	4,434,450	(54,340)	4,380,110	22,900,444	(246,544)	22,653,900
Effect of postretirement benefit obligation adjustment						
Increase (decrease) in net assets	-	-	-	566,647	-	566,647
Net assets, beginning of year	4,434,450	(54,340)	4,380,110	23,467,091	(246,544)	23,220,547
Net assets, end of year	<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>
	<u>\$ 65,836,383</u>	<u>\$ 358,990</u>	<u>\$ 66,195,373</u>	<u>\$ 61,401,933</u>	<u>\$ 413,330</u>	<u>\$ 61,815,263</u>

See notes to financial statements.

THE CENTURY FOUNDATION, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Increase in net assets	\$ 4,380,110	\$ 23,220,547
Adjustments to reconcile increase in net assets to net cash (used in) operating activities		
Realized (gain) on sale of investments	(5,055,988)	(3,438,727)
Change in unrealized appreciation of investments	(1,682,669)	818,423
Net (gain) on sale of property	-	(23,037,819)
Depreciation and amortization	106,970	166,161
Deferred rent	37,643	272,400
(Increase) decrease in accrued interest and dividends receivable	(5,980)	480
(Increase) in accounts receivable	(53)	(1,152)
(Increase) decrease in grants receivable	(90,282)	395,800
(Increase) decrease in prepaid expenses	(13,416)	15,106
(Decrease) in accounts payable and accrued expenses	11,424	(153,435)
(Decrease) in postretirement benefit obligation	-	(566,647)
Net cash (used in) operating activities	<u>(2,312,241)</u>	<u>(2,308,863)</u>
Cash flows from investing activities		
Purchase of property and equipment	(5,665)	(574,700)
Net proceeds from sale of property	-	23,637,582
Purchases of investments	(13,405,275)	(35,747,808)
Proceeds from sale of investments	19,632,900	16,977,555
Net change in investment cash and cash equivalents	<u>(3,779,141)</u>	<u>(2,023,765)</u>
Net cash provided by investing activities	<u>2,442,819</u>	<u>2,268,864</u>
Net increase (decrease) in cash	130,578	(39,999)
Cash, beginning of year	<u>444,727</u>	<u>484,726</u>
Cash, end of year	<u>\$ 575,305</u>	<u>\$ 444,727</u>
Consist of		
Cash – Operating	\$ 186,936	\$ 57,034
Cash – Restricted	388,369	387,693
Total cash	<u>\$ 575,305</u>	<u>\$ 444,727</u>

See notes to financial statements.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements****June 30, 2014****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, 2014****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. As of June 30, 2014, Alternative Investments represent limited partnerships and hedge funds held by the Foundation. 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 2014 fiscal year, the Foundation wrote off fully depreciated assets totaling \$50,579. 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.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements (continued)****June 30, 2014****Note 2 – Summary of significant accounting policies (continued)**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.

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, 2014. 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 24, 2014, which is the date these financial statements were available to be issued.

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)

June 30, 2014

Note 3 – Property and equipment

Property and equipment and the related accumulated depreciation at June 30, 2014 and 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 417,495	\$ 417,495	15 years
Equipment	<u>299,079</u>	<u>343,993</u>	3 to 7 years
Total cost	716,574	761,488	
Accumulated depreciation	<u>(184,536)</u>	<u>(128,145)</u>	
Net	<u>\$ 532,038</u>	<u>\$ 633,343</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, in 2013 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. The Foundation matches employee contributions up to 5%. Employees are eligible for participation in the plan upon the completion of six months of service. The cost of the plan was \$82,485 and \$68,198 for the years ended June 30, 2014 and 2013, 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. Prior to the Program begin 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 benefit obligation as of June 30, 2014 is \$4,259 and as of June 30, 2013 is \$8,249. The benefit obligation is included in accounts payable and accrued expenses on the statement of financial position.

THE CENTURY FOUNDATION, INC.

**Notes to Financial Statements (continued)
June 30, 2014**

Note 5 – Investments

The Foundation's aggregate investments comprise the following as of June 30, 2014 and June 30, 2013:

	2014	
	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 6,093,049	\$ 6,093,049
Mutual funds		
Fixed income	5,613,329	5,672,613
Balanced	1,850,000	2,647,633
Equities	18,512,000	21,540,269
U.S. Government and Agency obligations	3,161,287	3,801,460
Limited partnerships	12,055,276	13,748,105
Hedge funds	<u>10,250,000</u>	<u>11,709,446</u>
Total	<u>\$ 57,534,941</u>	<u>\$ 65,212,575</u>
	2013	
	<u>Cost</u>	<u>Fair Value</u>
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
Limited partnership	3,000,000	3,105,854
Hedge funds	<u>7,500,000</u>	<u>7,644,824</u>
Total	<u>\$ 54,927,437</u>	<u>\$ 60,922,402</u>

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:

THE CENTURY FOUNDATION, INC.

**Notes to Financial Statements (continued)
June 30, 2014**

Note 5 – Investments (continued)

Fair value measurements (continued)

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

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, 2014 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, 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 6,093,049	\$ 6,093,049	\$ -	\$ -
Mutual funds				
Fixed income	5,672,613	5,672,613	-	-
Balanced	2,647,633	2,647,633	-	-
Equities	21,540,269	21,540,269	-	-
U.S. Government and Agency Obligations	3,801,460	3,801,460	-	-
Limited partnerships	13,748,105	-	-	13,748,105
Hedge funds	11,709,446	-	-	11,709,446
Total	<u>\$ 65,212,575</u>	<u>\$ 39,755,024</u>	<u>\$ -</u>	<u>\$ 25,457,551</u>

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2014

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 investments for the year ended June 30, 2014:

Balance, June 30, 2013	\$ 10,750,678
Purchases	11,805,276
Sales	-
Investment return – net	<u>2,901,597</u>
Balance, June 30, 2014	<u>\$ 25,457,551</u>

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	-	-
Limited partnership	3,105,854	-	-	3,105,854
Hedge funds	<u>7,644,824</u>	<u>-</u>	<u>-</u>	<u>7,644,824</u>
Total	<u>\$ 60,922,402</u>	<u>\$ 50,171,724</u>	<u>\$ -</u>	<u>\$ 10,750,678</u>

The following is a summary of changes in the fair value of the Foundation's Level 3 investments for the year ended June 30, 2013:

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 CENTURY FOUNDATION, INC.

**Notes to Financial Statements (continued)
June 30, 2014**

Note 5 – Investments (continued)

Fair value measurements (continued)

The Foundation uses the net asset value per share or its equivalent (“NAV”), to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists such investments by major class:

<u>Type/fund</u>	<u>Strategy</u>	<u>NAV in funds</u>	<u>Redemptions Terms</u>	<u>Redemption Restrictions</u>
Hedge funds - 3	Distressed securities - Independent return long/short equities	3,666 28 N/A	1 fund is 25% quarterly with 90 days' notice; 1 fund is quarterly with 45 days' notice; and 1 fund is annual with 90 days' notice	Initial lock-up of four full fiscal quarters for 1 fund
Limited partnerships (LP) - 3	Long only equity - Global; Independent return	N/A	2 LP's are monthly with 30 days' notice and 1 LP is quarterly with 30 days' notice	2% fee on redemption prior to 1-year anniversary of investment for 1 LP; and 1% fee on redemption prior to 1-year anniversary of investment for 1 LP

- None of the above funds have any unfunded commitments.

THE CENTURY FOUNDATION, INC.

Notes to Financial Statements (continued)
June 30, 2014

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, 2014:

<u>Program/Purpose</u>	<u>Balance, June 30, 2013</u>	<u>Contributions and Grants</u>	<u>Net Assets Released from Restrictions</u>	<u>Balance, June 30, 2014</u>
Peter Berle Memorial Education-Community College TF	\$ 41,415	\$ -	\$ 41,415	\$ -
Carnegie Corp of NY - Pakistan	14,711	-	14,711	-
Surdna-Infrastructure Grant	357,204	-	165,887	191,317
Ford-Infrastructure Grant	-	35,000	35,000	-
Documenting and Evaluating NEA Foundation Programs	-	75,755	75,755	-
Affirmative Action- Lumina	-	30,000	20,000	10,000
BLS-Conference	-	50,000	50,000	-
BLS-Revitalizing Government Initiative	-	48,882	48,882	-
	<u>-</u>	<u>191,600</u>	<u>33,927</u>	<u>157,673</u>
Total	<u>\$ 413,330</u>	<u>\$ 431,237</u>	<u>\$ 485,577</u>	<u>\$ 358,990</u>

Note 7 – Commitments

During 2012, the Foundation entered into a lease for office space expiring July 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 years ended June 30, 2014 and June 30, 2013 was \$373,734 and \$272,901, respectively.

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, 2014 and 2013 was \$95,499 and \$83,944, respectively. The future annual fees commitment for the office space will be \$99,499 for the 2015 fiscal year and \$91,207 for the 2016 fiscal year.

THE CENTURY FOUNDATION, INC.**Notes to Financial Statements (continued)****June 30, 2014****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, 2014, no amounts have been recognized for uncertain income tax positions. The Foundation’s tax returns for the years 2011 and forward are subject to the usual review by the appropriate authorities.