

# 2012 Financial Report

Our endowment generates the funding that we make available to nonprofit organizations.

As a private foundation, we are required by the U.S. tax code to distribute at least 5 percent of our assets each year.

Our investment staff, partnering with our Board of Trustees and finance staff, work to allow us to do that — and more, when advisable — and still have resources to support Kresge’s mission long into the future.

Return on investments varies from year to year. To create predictability for the nonprofits we support, we cushion those fluctuations using a set ceiling and floor for our grantmaking budget. That may mean dipping into the endowment if earnings are lower and then recovering in years when earnings are higher.

We believe a level of consistency benefits the nonprofit sector. An exception came during the economic crisis, when we increased 2008 and 2009 grantmaking in response to the heightened needs.

In 2012, our Board of Trustees approved 410 awards totaling \$130.5 million; \$150.3 million was paid out to grantees over the course of the year. Our Social Investment Practice made another \$10 million available to organizations whose efforts support our goals through program-related investments. We distributed 5.4 percent of our beginning-of-year assets.

For the five years ending Dec. 31, 2012, the endowment has returned 3.1 percent per annum. The return in 2012 was 13.6 percent, well ahead of our internal benchmarks.

The accompanying chart shows fluctuations in the endowment and annual payouts. The latter include grants, program-related investments and IRS-qualified exempt expenditures.

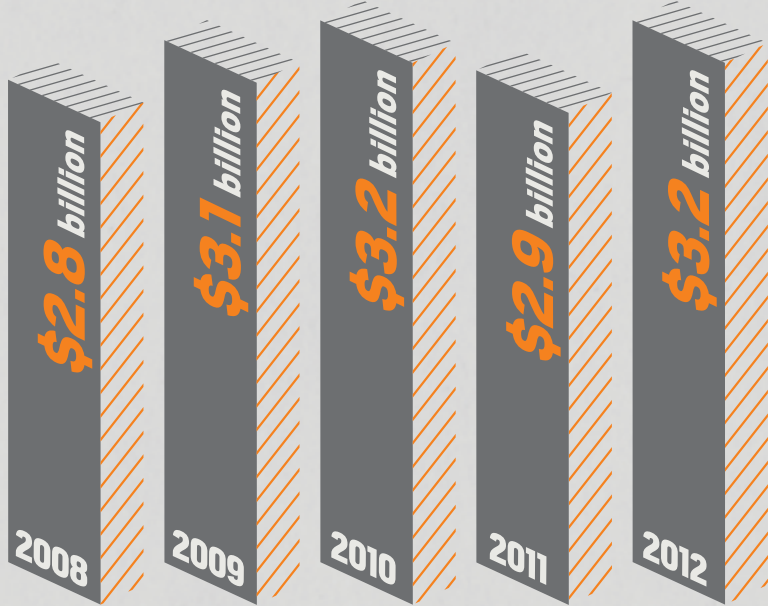
*Amy B. Coleman*

**Amy B. Coleman**  
Vice President and Chief Financial Officer

*Robert J. Manilla*

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Vice President and Chief Investment Officer

## The Kresge Foundation (A Michigan Trustee Corporation) Investment Asset Values



Qualified exempt expenditures as percentage of endowment

