

## 2008 FINANCIAL REPORT

The Kresge Foundation's investment asset value at 12/31/08 was \$2.8 billion. The table on the opposite page summarizes the foundation's investment asset balances over the past 10 years. During 2008 we awarded 342 grants with a payout of \$181 million to nonprofit groups seeking to advance the foundation's values in six fields of interest.

The foundation was not immune to the difficult investment environment of 2008. We entered the year fairly cautious on the economy and, as a result, adjusted our portfolio due to slow growth. Yet we were not fully prepared for the dramatic drop in the economic activity following the collapse of Lehman Brothers. As a result, our portfolio suffered.

The good news is that we were better prepared than many investors. For a second year in a row, the foundation's 2008 return on assets ranked in the top five percent among major U.S. foundations and endowments. We are proud of these accomplishments. They would not be possible without an incredibly talented team, exceptional leadership, and a dedicated board.

Traditionally, investment assets and the related performance have been reported with the private portfolio, consisting of private equity, venture capital, real estate and oil and gas partnerships, on a one-quarter lag. Given the large market correction in the fourth quarter of 2008, assets have been adjusted to reflect the 12/31/08 market values for all partnerships. Performance for 2008, calculated consistently with prior years and utilizing the one-quarter lag, was -15.6 percent, based on an ending balance of \$3.0 billion.

Deloitte & Touche LLP serves as the independent auditors for the foundation. The full set of audited financial statements for the year ended 12/31/08 is posted on our Web site at [www.kresge.org](http://www.kresge.org). The foundation's Audit Committee of the Board reviews the results of the independent auditors' examinations and recommends them to the full Board of Trustees for approval. The Audit Committee reviews the annual operating plan and interim financial reports. All foundation staff and trustees are required to submit annual conflict of interest statements and affirm their adherence to the foundation's code of ethics.



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