THE KRESGE FOUNDATION

Reader's Guide to the Form 990-PF

A private foundation must make its annual Form 990-PF available for public inspection. The Kresge Foundation (hereinafter, the "Foundation") posts this form for download on the Web site, www.kresge.org. The Form provides information about the Foundation's financial and charitable activities for the year as well as assesses any taxes owed by the Foundation to the IRS.

The tax return form and rules can be complex, so we hope that this Reader's Guide will aid you in gaining a better understanding of our form. We have provided answers to some frequently asked questions as well as a table of key data points and their relevance by topic related to the return.

Frequently Asked Questions

Payout

How much was Kresge required to distribute in 2025?
The Foundation was ***required*** to distribute $201,731,462 as shown on Page 8, Part X, line 7. The term the IRS uses for the minimum 5 percent payout is the distributable amount. The ***actual*** amount of adjusted qualifying distributions for the Foundation in 2025 was $227,163,662 as shown on Page 8, Part XI, line 4.

How is the required payout calculated?
The IRS rules require the Foundation to pay out 5 percent of its average non-charitable use assets, which is equivalent to the investment assets and any other assets that are not used directly in the charitable work of the Foundation, adjusted for income tax and recoveries of amounts previously treated as qualifying distributions. This calculation is summarized on Page 8 in Parts IX and X of the return.

What types of disbursements count toward Kresge's annual payout requirement?
Grants paid, program-related investments, exempt operating costs (those that further the charitable purpose of the Foundation), and amounts paid to acquire assets used directly in carrying out charitable purpose, all count toward payout.

Administrative and Other Costs

What were Kresge's 2025 exempt expenses as a percentage of qualifying distributions and as a percentage of average assets?

Total exempt expenses as a percentage of qualifying distributions was 15.62 percent (calculated as $35,494,261 Page 1, Part I, line 24, column (d) divided by $227,163,662 Page 8, Part XI, line 4). Survey results of peer foundations with greater than $1 billion in average assets reveal exempt expenses as a percentage of grant payout of 15.61 percent for 2024 (latest available data).

Frequently Asked Questions (Continued)

Total exempt expenses as a percentage of average assets was 0.90 percent (calculated as $35,494,261 Page 1, Part I, line 24, column (d) divided by $3,947,103,190 Page 8, Part IX, line 5). Survey results of peer foundations with greater than $1 billion in average assets reveal exempt expenses as a percentage of average assets of 0.95 percent for 2024 (latest available data).

Taxes and Other

What kind of taxes does Kresge pay?
The Foundation is exempt from income taxes under IRS rules. However, the Foundation is required to pay 1.39 percent excise tax on net investment income. Net investment income includes interest, dividends, net realized capital gains, and other investment income, minus expenses for managing investments. The net investment income figure used in this calculation is shown on Page 1, Part I, line 27b, column (b). The 2025 net investment income was $424,401,048. In 2025, a 1.39 percent excise tax rate resulted in tax of $5,899,175 as shown on Page 3, Part V, line 5 of the 990-PF.

The Foundation is also subject to unrelated business income tax under IRS rules due to the nature of income derived from some of the investment vehicles held in the investment portfolio. This tax is calculated using a flat 21% corporate tax rate.

The Kresge Foundation 2025 990-PF Key Data Points

Topic	Line Reference	Dollar Value/Percent	Comments
Administrative and other costs	Page 1, Part I, line 24, column (d) and Page 8, Part XI, line 2	$35.49M	Consists of direct grant-making expenses including salaries and operating costs of the staff who make and manage the grants, direct charitable expenses such as consulting and convening costs paid to support the work of our grantees, administrative costs to operate the Foundation, including salaries and benefits for support functions such as finance and human resources, professional fees, office expenses, assets acquired, etc. Represents the costs allocated toward charitable purposes that are included in the Foundation's qualifying distributions in Part XI.
Grants paid	Page 1, Part I, line 25, column (d)	$169.07M	Represents grants approved and paid in 2025. The Foundation also made $22.60M of PRI's in 2025 for a grand total in giving of $191.67M.
Tax based on investment income	Page 3, Part V, line 5	$5.90M	The Foundation had a net gain position for 2025. The Foundation's excise taxes, calculated as 1.39 percent of its net investment income as shown on Page 1, Part I, line 27b, column (b).
Compensation of officers, directors, and trustees	Page 6, Part VII, line 1(c)	$4.35M	The attached statement (number 19 in the return) provides a listing of 2025 compensation and benefits paid to the Foundation's Officers and Board Trustees.
Compensation of five highest paid employees (other than officers, directors, and trustees)	Page 6, Part VII, line 2(c)	$3.70M	Although the return doesn't display this total, the Foundation provides a listing of the 2025 compensation and benefits paid by person for the highest paid employees.

Topic	Line Reference	Dollar Value/Percent	Comments
Summary of program-related investments	Page 7, Part VIII-B, Total	$22.60M	Describes the program related equity investments and below market rate loans made to organizations.
Minimum investment return	Page 8, Part IX, line 6	$197.36M	The minimum investment return is generally 5 percent of the total fair market value of the Foundation's non-charitable use assets.
Distributable amount	Page 8, Part X, line 7	$201.73M	Represents the minimum amount the Foundation must distribute by the end of 2026 as qualifying distributions.
Adjusted qualifying distributions	Page 8, Part XI, line 4	$227.16M	The amount the Foundation actually spent for charitable purposes for the year.
Actual distribution ratio	Page 8, part XI, line 4 divided by Page 8 Part IX, line 5	5.76%	Although the return doesn't display this ratio, it can be calculated for the 2025 year. The required minimum distribution ratio is 5.0 percent.
Cumulative excess distributions	Page 9, Part XII, line 9(a)	$76.72M	The amount of excess distributions that the Foundation may carryover and apply toward following years.