

**THE NATHAN CUMMINGS
FOUNDATION, INC.**

**Financial Statements
For Years Ended
December 31, 2014
and
December 31, 2013**

**CONDON
O'MEARA
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DONNELLY LLP**

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Independent Auditor's Report

To the Board of Trustees
The Nathan Cummings Foundation, Inc.

We have audited the accompanying financial statements of The Nathan Cummings Foundation, Inc. which comprise the statements of financial position as of December 31, 2014 and December 31, 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 Nathan Cummings Foundation, Inc. as of December 31, 2014 and December 31, 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.

November 3, 2015

Condon O'Meara McGinty & Donnelly LLP

THE NATHAN CUMMINGS FOUNDATION, INC.

Statements of Financial Position

Assets

	December 31	
	2014	2013
Cash and cash equivalents	\$ 502,404	\$ 903,496
Investments, at fair value	462,988,853	443,810,880
Accrued interest and dividends receivable	62,352	36,885
Prepaid expenses and other assets	204,346	123,926
Prepaid taxes	233,000	-
Property and equipment, net	<u>148,695</u>	<u>112,523</u>
Total assets	<u>\$ 464,139,650</u>	<u>\$ 444,987,710</u>

Liabilities and Unrestricted Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 436,461	\$ 407,187
Accrued taxes payable	199,403	98,302
Grants payable	5,350,000	950,000
Postretirement benefit obligation	5,222,784	3,541,902
Deferred federal excise taxes payable	<u>1,227,139</u>	<u>1,119,959</u>
Total liabilities	12,435,787	6,117,350
Net assets - unrestricted	<u>451,703,863</u>	<u>438,870,360</u>
Total liabilities and unrestricted net assets	<u>\$ 464,139,650</u>	<u>\$ 444,987,710</u>

See notes to financial statements.

THE NATHAN CUMMINGS FOUNDATION, INC.

Statements of Activities

	Year Ended December 31	
	2014	2013
Investment return		
Interest	\$ 1,292,597	\$ 2,329,780
Dividends	5,390,789	4,274,977
Partnership and other investment income (loss), net	270,241	(4,965,266)
	<u>6,953,627</u>	<u>1,639,491</u>
Less:		
Investment expense	3,158,271	2,872,776
Federal excise and other taxes	818,532	670,241
Net investment income (loss)	<u>2,976,824</u>	<u>(1,903,526)</u>
Grants and expenses:		
Grants, net	22,673,733	16,953,960
Other program expenses	294,255	290,459
Administrative expenses	5,387,077	5,148,734
	<u>28,355,065</u>	<u>22,393,153</u>
Decrease in net assets before net investment gains	<u>(25,378,241)</u>	<u>(24,296,679)</u>
Net investment gains		
Realized gains on sale of investments, net	34,186,143	22,268,809
Unrealized appreciation in fair value of investments (net of deferred tax charge of \$107,180 and \$795,762 in 2014 and 2013, respectively)	5,251,815	38,992,361
Net investment gains	<u>39,437,958</u>	<u>61,261,170</u>
Increase in unrestricted net assets before adjustment	14,059,717	36,964,491
Effect of postretirement benefit obligation adjustment	<u>(1,226,214)</u>	<u>867,175</u>
Increase in unrestricted net assets	12,833,503	37,831,666
Unrestricted net assets, beginning of year	<u>438,870,360</u>	<u>401,038,694</u>
Unrestricted net assets, end of year	<u>\$ 451,703,863</u>	<u>\$ 438,870,360</u>

See notes to financial statements.

THE NATHAN CUMMINGS FOUNDATION, INC.

Statements of Cash Flows

	Year Ended December 31	
	2014	2013
Cash flows from operating activities		
Increase in unrestricted net assets	\$ 12,833,503	\$ 37,831,666
Adjustments to reconcile increase in unrestricted net assets to net cash (used in) operating activities		
Depreciation and amortization	27,407	14,441
Realized (gains) on sales of investments, net	(34,186,143)	(22,268,809)
Unrealized (appreciation) in fair value of investments	(5,358,995)	(39,788,123)
Deferred tax charge	107,180	795,762
Change in postretirement benefit obligation	1,680,882	(320,037)
Change in operating assets and liabilities:		
Accrued interest and dividends receivable	(25,467)	(12,609)
Prepaid expenses and other assets	(80,420)	46,010
Prepaid taxes	(233,000)	219,011
Accounts payable and accrued expenses	29,274	41,547
Accrued taxes payable	101,101	98,302
Grants payable	4,400,000	(1,408,000)
Net cash (used in) operating activities	<u>(20,704,678)</u>	<u>(24,750,839)</u>
Cash flows from investing activities		
Proceeds from sale of investments	58,988,947	70,886,786
Purchases of investments	(38,621,782)	(45,884,377)
Expenditures for property and equipment	<u>(63,579)</u>	<u>(52,620)</u>
Net cash provided by investing activities	<u>20,303,586</u>	<u>24,949,789</u>
Net change in cash and cash equivalents	(401,092)	198,950
Cash and cash equivalents, beginning of year	<u>903,496</u>	<u>704,546</u>
Cash and cash equivalents, end of year	<u>\$ 502,404</u>	<u>\$ 903,496</u>
Supplemental disclosure of cash flows information:		
Excise and unrelated business income taxes paid	<u>\$ 950,524</u>	<u>\$ 352,431</u>

See notes to financial statements.

THE NATHAN CUMMINGS FOUNDATION, INC.**Notes to Financial Statements
December 31, 2014 and December 31, 2013****Note 1 – Nature of organization**

The Nathan Cummings Foundation, Inc. (the “Foundation”), incorporated in Illinois on May 27, 1949, is a national private grant making organization rooted in Jewish tradition and committed to democratic values and social justice, including fairness, diversity, and community. The Foundation makes grants to address inequality and climate change with approaches focused on arts and culture, constituency building, disruptive ideas and religious traditions, and contemplative practices. The Foundation also engages in Shareholder Activities that use the Foundation’s status as an institutional investor to enhance long-term shareholder value while furthering programmatic objectives. The Foundation’s office is in New York City.

The Foundation was a beneficiary of the Estate of Nathan Cummings, the founder of Consolidated Foods Corporation, which changed its name to Sara Lee Corporation in 1985. The primary source of revenue for the Foundation is derived from investment activities.

The Foundation qualifies as a tax-exempt charitable organization under Section 501(c)(3) of the U.S. Internal Revenue Code (the “Code”) and, generally, is not subject to federal income taxes. The Foundation is subject to an excise tax (as defined below) and may be subject to unrelated business income tax depending on activity of certain investments.

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

The accompanying financial statements are presented using accounting principles generally accepted in the United States (“U.S. GAAP”). Financial statements prepared on a U.S. GAAP-basis require management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

Federal excise taxes

The Foundation is classified as a private foundation as described in Section 509(a) of the Internal Revenue Code. It is subject to an excise tax of 1 or 2 percent on net investment return, including realized gains. In accordance with Section 4940(e) of the Internal Revenue Code for the years ended December 31, 2014 and December 31, 2013, the Foundation paid a 2 percent excise tax.

As of December 31, 2014, no amounts were recognized for uncertain income tax positions taken during that year. In addition, the Foundation’s tax returns for 2011 and forward are subject to the usual review by the appropriate authorities.

THE NATHAN CUMMINGS FOUNDATION, INC.**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013****Note 2 – Summary of significant accounting policies (continued)****Cash equivalents**

Cash equivalents are short-term investments with original maturities of three months or less and are recorded as cash (except for cash and cash equivalents held as part of the Foundation's investment portfolio).

Investments

The Foundation reports investments at fair value.

Purchases and sales of investments, as well as the related gains or losses, are recorded on a trade-date basis. Real estate, commodity funds, and alternative investments, consisting primarily of hedge funds and Limited Partnerships, are valued based on net asset values. Values for these types of investments, which may include investments in both non-marketable and market-traded securities, are provided by the general partner and reviewed by the Foundation's management. The Foundation obtains and considers the audited financial statements of such investees when obtaining the overall reasonableness of the carrying value. The general partners' estimates and assumptions of fair value of the non-marketable investments may differ significantly from the values that would have been used had a ready market existed and the differences could be material. The underlying cost basis of investments is the purchase price except for Limited Partnerships' cost bases, which are adjusted for recognized investment return and losses and for distributions. Values may be based on historical cost, appraisals, or other estimates that require varying degrees of judgment.

Certain of the investment funds in which the Foundation has a position enter into various financial instruments in the normal course of their operations, including derivatives held or issued for trading purposes. These investments are subject to market risk, which arises from changes in securities values and other market conditions. As part of their overall trading strategy, the investment funds may engage in the purchase and sale of index and equity options for the purpose of generating profit and/or reducing market risk. The various managers monitor their positions continuously to reduce the risk of potential loss due to the changes in market values or failure of counterparties to perform.

One of the more significant estimates contained in the financial statements relates to the reporting of the Limited Partnerships and alternative investments. Since there is no readily available markets for these types of investments, such investments are stated at fair value as estimated in an inactive market. In addition, the categorization of revenue and expense related to these investments is based on information provided by the investment managers through year end estimates or if available from Schedule K-1 (Form 1065). Due to the timing of the receipt of the aforementioned information, this could result in fluctuations of revenue and expenses reported in the Foundation's financial statements.

THE NATHAN CUMMINGS FOUNDATION, INC.**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013****Note 2 – Summary of significant accounting policies (continued)****Investments (continued)****Fair value measurements**

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than level 1 prices such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less than active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

Depreciation and amortization

Depreciation of property and equipment is provided over five years, using the straight-line method. The Foundation's policy is to capitalize tangible assets greater than or equal to \$50,000 with a useful life greater than one year. Capitalized leasehold improvements are amortized using the straight-line method over the remaining term of the lease. Capitalized artwork acquired by the Foundation is not depreciated.

Net assets

The Foundation's net assets, which are unrestricted, represent resources available for current operations, as there are no donor restrictions as to their use.

Grants

Grants are recognized as expenses in the accompanying financial statements at the time of Foundation approval.

Subsequent events

The Foundation has evaluated events and transactions for potential recognition or disclosure through November 3, 2015, which is the date these financial statements were available to be issued.

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 3 – Line of credit

The Foundation has a \$20,000,000 line of credit with no expiration date. Borrowings under the line are unsecured and will require interest at either LIBOR plus 0.45% or the bank's prime rate, whichever is higher. As of December 31, 2014, the Foundation had no outstanding borrowings.

Note 4 – Investments

At each year-end, the cost and fair value of investments were as follows:

	December 31			
	2014		2013	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Invested cash and cash equivalents	\$ 15,218,906	\$ 15,218,906	\$ 9,309,147	\$ 9,309,147
Fixed income and other	1,400,657	1,400,657	2,257,506	2,257,506
Equities	34,395,822	23,857,124	30,298,039	22,966,439
Limited partnerships and alternative investments				
Real estate/				
Commodities/				
Resources	60,936,683	50,176,835	67,084,608	58,749,709
Equity – private	19,873,974	11,318,845	15,834,304	11,612,052
Equity – public	7,466,143	6,255,506	6,587,910	6,175,489
Long/short equity	215,383	113,684	6,660,490	5,232,686
Absolute return	2,547,852	3,379,791	3,091,636	3,795,089
Diversified				
managed fund	298,185,341	267,162,469	278,048,847	243,076,421
Due from brokers	<u>22,748,092</u>	<u>22,748,092</u>	<u>24,638,393</u>	<u>24,638,393</u>
Total	<u>\$ 462,988,853</u>	<u>\$ 401,631,909</u>	<u>\$ 443,810,880</u>	<u>\$ 387,812,931</u>

Invested cash and cash equivalents include cash, money-market funds and commercial paper held by the Foundation's custodian and investment managers. Fixed income and other consists of corporate bonds, CDs and a loan receivable.

THE NATHAN CUMMINGS FOUNDATION, INC.**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013****Note 4 – Investments (continued)**

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 December 31, 2014.

- Equities are valued at the closing price reported on the active market on which the individual investments are traded.
- Limited Partnerships and alternative investments are valued by the Partnership's management at net asset value. Management determines the fair value of its investments based on quoted market prices of the underlying assets held by such funds. 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. Then, Foundation management reviews and reconciles valuations for reasonableness based upon market movements, cash flows, its knowledge of the holdings, audited financial statements and performance of similar investment strategies.

The preceding methods described for the Limited Partnerships and alternative investments may produce a fair value calculation that may not be indicative of net realizable 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.

In connection with investment activity, the Foundation selects various investment vehicles, including Limited Partnerships. Under the terms of the Limited Partnership agreements, the Foundation makes initial capital commitments and funds these commitments over time. At December 31, 2014, the Foundation has outstanding commitments to provide additional capital contributions of approximately \$10,033,330. The Limited Partnerships are subject to a variety of lockup provisions, notice periods, redemption fees, if applicable, and withdrawal dates in which the Foundation has the legal right to receive redemptions of its investments. As of December 31, 2014, such restrictions expired at various times with the exceptions of private equity investments where capital is returned by each partnership over its contractual life.

As of October 1, 2010, the Foundation entered into a relationship with Global Endowment Management, LP ("GEM") for investment management services. In connection therewith, the Foundation liquidated substantially all its marketable securities and sent redemption notices for all other investment funds permitting redemptions. The proceeds of such liquidations and redemptions were transferred to GEM as received.

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 4 – Investments (continued)

GEM offers an endowment-style investment program to institutional investors, family funds, individuals and other sophisticated investors seeking to invest \$100 million or more. GEM invests with a long-term horizon, seeking varied and non-traditional investment opportunities, in an effort to provide a diversified, single-portfolio investment strategy for its investors. GEM invests primarily in interests in public or private investment vehicles or pooled accounts managed by unaffiliated third parties, although it may also invest directly in securities and other assets.

The following table presents the Foundation's investments that are measured at fair value on a recurring basis as of December 31, 2014:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Invested cash and cash equivalents	\$ 10,032,813	\$ 10,032,813	\$ -	\$ -
Fixed income and other	6,586,750	6,586,750	-	-
Equities	34,395,822	34,395,822	-	-
Limited partnerships and alternative investments				
Real estate/Commodities/				
Resources	60,936,683	-	-	60,936,683
Equity – private	19,873,974	-	-	19,873,974
Equity – public	7,466,143	-	-	7,466,143
Long/short equity	215,383	-	-	215,383
Absolute return	2,547,852	-	-	2,547,852
Diversified managed fund	298,185,341	-	-	298,185,341
Due from brokers	<u>22,748,092</u>	<u>22,748,092</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 462,988,853</u>	<u>\$ 73,763,477</u>	<u>\$ -</u>	<u>\$ 389,225,376</u>

The following is a summary of changes in the Foundation's Level 3 investments for the year ended December 31, 2014:

Balance, January 1, 2014	\$ 377,307,795
Net realized gains	33,924,039
Net change in unrealized gains	2,151,897
Net investment income	4,007,394
Net transfers	<u>(28,165,749)</u>
Balance, December 31, 2014	<u>\$ 389,225,376</u>

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013Note 4 – Investments (continued)

The following table presents the Foundation's investments that are measured at fair value on a recurring basis as of December 31, 2013:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Invested cash and cash equivalents	\$ 9,309,147	\$ 9,309,147	\$ -	\$ -
Certificates of deposit	2,257,506	2,257,506	-	-
Equities	30,298,039	30,298,039	-	-
Limited partnerships and alternative investments				
Real estate/Commodities/				
Resources	67,084,608	-	-	67,084,608
Equity – private	15,834,304	-	-	15,834,304
Equity – public	6,587,910	-	-	6,587,910
Long/short equity	6,660,490	-	-	6,660,490
Absolute return	3,091,636	-	-	3,091,636
Diversified managed fund	278,048,847	-	-	278,048,847
Due from brokers	24,638,393	24,638,393	-	-
Total	<u>\$ 443,810,880</u>	<u>\$ 66,503,085</u>	<u>\$ -</u>	<u>\$ 377,307,795</u>

The following is a summary of changes in the Foundation's Level 3 investments for the year ended December 31, 2013:

Balance, January 1, 2013	\$ 331,942,026
Net realized gains	22,329,395
Net change in unrealized gains	32,832,148
Net investment loss	(959,522)
Net transfers	(8,836,252)
Balance, December 31, 2013	<u>\$ 377,307,795</u>

Subsequent event

In 2015, the Foundation and GEM entered into a new partnership agreement in which the Foundation is the sole limited partner and GEM is the general partner. This structure was created to allow the Foundation to transfer the significant majority of its limited partnerships and alternative investments into the new partnership agreement. This transfer is expected to be fully completed by January 2016.

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 5 – Deferred federal excise taxes payable

The Foundation provides for deferred federal excise taxes on the total unrealized appreciation in fair value over the original cost of the investments, using the 2% excise tax rate. The deferred excise tax calculation resulted in a tax charge of \$107,180 and \$795,762 for the years ended December 31, 2014 and December 31, 2013, respectively.

Note 6 – Property and equipment

At each year-end, property and equipment consisted of the following:

	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
Leasehold improvements	\$ 1,336,939	\$ 1,273,360
Furniture	81,519	81,519
Website	63,000	63,000
Art	23,799	23,799
Audio visual equipment	<u>72,208</u>	<u>72,208</u>
	1,577,465	1,513,886
Less accumulated depreciation and amortization	<u>1,428,770</u>	<u>1,401,363</u>
	<u>\$ 148,695</u>	<u>\$ 112,523</u>

Note 7 – Grants payable

The changes in grants payable during 2014 and 2013 are summarized as follows:

	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
Grants payable at beginning of year	\$ 950,000	\$ 2,358,000
New awards	22,673,883	16,954,482
Awards withdrawn/returned	<u>(150)</u>	<u>(522)</u>
	<u>22,673,733</u>	<u>16,953,960</u>
Payments made	<u>(18,273,733)</u>	<u>(18,361,960)</u>
Grants payable at end of year	<u>\$ 5,350,000</u>	<u>\$ 950,000</u>

The Foundation's December 31, 2014 grants payable are scheduled to be distributed in 2015.

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 8 – Commitments

Office space lease

The Foundation leases office space under an operating lease, which is set to expire in January 2021. In addition to base rent, the Foundation is obligated to pay an additional amount based on its share of real estate taxes. At December 31, 2014, future minimum lease payments were as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 624,624
2016	652,700
2017	667,170
2018	680,513
2019	694,124
2020 - 2021	<u>767,103</u>
Total	<u>\$ 4,086,234</u>

Rent expense for 2014 and 2013 was approximately \$637,000 and \$625,000, respectively.

Note 9 – Employee benefit plans

Pension plans

The Foundation contributes to a defined contribution money purchase retirement plan on behalf of all eligible employees. Plan expense was approximately \$317,000 and \$354,000 for 2014 and 2013, respectively. In addition, the Foundation has a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code to which employees may contribute.

Postretirement healthcare benefits

In addition to providing pension plans, the Foundation provides certain postretirement healthcare for eligible retired employees. The Foundation currently offers continuing participation in the Foundation's medical plans to eligible employees who retire. The Foundation may modify or terminate these plans at any time.

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 9 – Employee benefit plans (continued)

Postretirement healthcare benefits (continued)

To be eligible for this program, at the time of retirement the employee must have attained the age of 55 and have been a full-time employee of the Foundation for at least 10 years. Upon leaving the Foundation for any reason, other than termination for cause, the retiree may elect to continue to participate in the Foundation's medical insurance programs on the same basis as full-time employees. This includes family coverage. As with full-time employees, the retiree will be required to reimburse the Foundation in an amount equal to premium contributions she/he would have paid as an employee.

Upon becoming eligible for Medicare, the retiree must apply for Medicare. When Medicare benefits are available, the medical insurance provided by the Foundation will become secondary, supplemental coverage. Similarly, if the retiree's spouse is covered by the Foundation's insurance, she/he must apply for Medicare at the applicable age and at that time the medical insurance provided by the Foundation will become secondary, supplemental coverage.

If the retiree and/or spouse become eligible to receive medical coverage from another employer, medical insurance provided by the Foundation will become secondary, supplemental coverage.

The Foundation recognizes the postretirement benefit obligation in accordance with the accounting standards 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 statements of financial position.

The benefit obligation, plan assets, contributions, payments, and funded status for the postretirement benefit program as of and for the years ended December 31, 2014 and December 31, 2013 are summarized as follows:

	<u>2014</u>	<u>2013</u>
Benefit obligation	\$ (5,222,784)	\$ (3,541,902)
Fair value of plan assets	<u>-</u>	<u>-</u>
Funded status	<u>\$ (5,222,784)</u>	<u>\$ (3,541,902)</u>
Items not yet recognized as a component of net periodic benefit cost		
Prior service cost	\$ 1,648,903	\$ 1,811,517
Net loss	<u>1,674,739</u>	<u>285,911</u>
Total	<u>\$ 3,323,642</u>	<u>\$ 2,097,428</u>

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 9 – Employee benefit plans (continued)

Postretirement healthcare benefits (continued)

The estimated net loss and prior service cost for the post-retirement benefits program that will be amortized from unrestricted net assets into net periodic benefit cost over the next year is \$241,119.

	<u>2014</u>	<u>2013</u>
Net periodic benefit cost	\$ 532,330	\$ 602,343
Employer contributions	77,662	55,205
Benefits paid	(77,662)	(55,205)

Weighted average assumption to determine
benefit obligation and benefit cost for year ended
December 31:

Discount rate (benefit obligation)	4.10%	5.10%
Discount rate (benefit costs)	4.10%	5.10%

The healthcare cost trend rate was assumed to be 8.5% for the year ended December 31, 2014. This trend rate is assumed to decrease gradually to 5% by the year ended December 31, 2021 and thereafter.

In 2014, the Society of Actuaries updated the mortality tables used in determining benefit obligations. In connection therewith, for the 2014 year, the Foundation updated the mortality table it uses when calculating the postretirement benefit obligation. The effect on this change increased the postretirement benefit obligation by approximately \$453,000.

Expected benefit payments for the postretirement healthcare benefits are summarized as follows:

<u>Year</u>	<u>Projected Benefit Payments</u>
2015	\$ 71,139
2016	97,266
2017	126,329
2018	132,894
2019	138,971
2020-2024	950,714

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 10 – Administrative expenses

During each year, administrative expenses were as follows:

	Year Ended December 31	
	2014	2013
Personnel salaries and benefits	\$ 3,896,906	\$ 3,760,848
Other staff expenses	330,634	294,804
Operating expenses	1,142,718	1,100,621
Trustees meeting expenses	262,604	170,509
Professional and consulting fees	533,903	341,101
Strategic planning costs	<u>-</u>	<u>270,710</u>
Sub-total	6,166,765	5,938,593
Depreciation and amortization	27,407	14,441
Allocation to investment expenses	(512,840)	(513,841)
Allocation to other program expenses	<u>(294,255)</u>	<u>(290,459)</u>
Total	\$ 5,387,077	\$ 5,148,734

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 11 – Grant activity

The Foundation's grant activity for 2014 was as follows:

	Grants Payable 12/31/2013	2014 Awards	2014 Payments	Grants Payable 12/31/2014
Air Traffic Control Education Fund, Inc.	\$ 100,000	\$ -	\$ 100,000	\$ -
Albany Park Theater Project	-	2,500	2,500	-
Allied Media Projects Inc.	-	400,000	200,000	200,000
Alternate Roots, Inc.	-	230,000	230,000	-
Americans for Safe Access Foundation	-	5,000	5,000	-
Americans for the Arts, Inc.	-	100,000	100,000	-
American Friends of Kishorit, Inc.	-	5,000	5,000	-
American Jewish Joint Distribution Committee, Inc.	-	30,000	30,000	-
American Jewish World Service, Inc.	-	220,500	220,500	-
American Prospect, Inc.	-	125,000	125,000	-
American Support for Israel, Inc.	-	500,000	500,000	-
Andrew Slack	-	57,500	57,500	-
Arnold Unger Foundation for Remembrance, Inc.	-	50,000	50,000	-
Artis Contemporary Israeli Art Fund, Inc.	-	20,000	20,000	-
Artists Striving To End Poverty, Inc.	-	5,000	5,000	-
As You Sow	-	101,360	101,360	-
Asian American Writers Workshop, Inc.	-	85,000	85,000	-
Asian Arts Initiative	-	50,000	50,000	-
Asociacion De Mujeres Progresistas	-	11,320	11,320	-
Astraea Lesbian Foundation for Justice, Inc.	-	2,000	2,000	-
Auburn Theological Seminary	-	75,000	75,000	-
Baby2Baby	-	27,500	27,500	-
Backbone Campaign	-	50,000	50,000	-
Bard College	-	15,000	15,000	-
Being Adept	-	5,000	5,000	-
Bend The Arc - A Jewish Partnership For Justice	-	1,525,000	875,000	650,000
Brookline Symphony Orchestra, Inc.	-	10,000	10,000	-
Brown University	-	10,000	10,000	-

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 11 – Grant activity (continued)

	Grants Payable <u>12/31/2013</u>	2014 <u>Awards</u>	2014 <u>Payments</u>	Grants Payable <u>12/31/2014</u>
Cambodian Association of Illinois	\$ -	\$ 5,000	\$ 5,000	\$ -
Careers Through Culinary Arts Program, Inc.	-	7,500	7,500	-
CEL Education Fund (10 records)	-	765,000	365,000	400,000
Center for American Progress	-	10,000	10,000	-
Center for Community Change	-	1,100,000	600,000	500,000
Center for Global Development	-	400,000	400,000	-
Center for Labor and Community Research	-	150,000	150,000	-
Center for Rural Affairs	-	75,000	75,000	-
Center for Rural Strategies Inc.	-	100,000	100,000	-
Center for the National Interest, Inc.	-	100,000	100,000	-
Ceres, Inc.	-	4,000	4,000	-
Citizen Action of Wisconsin Education Fund, Inc.	-	125,000	125,000	-
Clean Air Task Force, Inc.	-	500,000	500,000	-
Co/Lab Theater Group, Inc.	-	2,000	2,000	-
ColorOfChange.Org Education Fund	-	25,000	25,000	-
Commonweal	-	5,000	5,000	-
Community Catalyst, Inc.	-	400,000	400,000	-
Community Initiatives	-	250,000	250,000	-
Community Partners	-	10,000	10,000	-
Community Voices Heard	-	100,000	100,000	-
Congregation Tifereth Israel	-	7,000	7,000	-
Creative Time, Inc.	-	15,000	15,000	-
Creative Visions Foundation	-	10,000	10,000	-
Dara Nussbaum-Vazquez	-	100,000	100,000	-
Earth Island Institute Inc.	-	5,000	5,000	-
East Bay Center for the Performing Arts	-	10,000	10,000	-
Efforts of Grace, Inc.	-	150,000	150,000	-
Enroll America	-	75,000	75,000	-
Eva Leah Gunther Foundation for Education Inc.	-	5,000	5,000	-
Evidence Inc.	-	50,000	50,000	-
Faith in Public Life, Inc.	-	150,000	150,000	-

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 11 – Grant activity (continued)

	<u>Grants Payable 12/31/2013</u>	<u>2014 Awards</u>	<u>2014 Payments</u>	<u>Grants Payable 12/31/2014</u>
Fedcap Rehabilitation Services, Inc.	\$ -	\$ 10,000	\$ 10,000	\$ -
Federation of Southern Cooperatives Land Assistance Fund	-	10,000	10,000	-
First Peoples Fund (8 records)	-	200,000	100,000	100,000
Fortune Society Inc.	-	1,030	1,030	-
Foundry Theatre, Inc.	-	50,000	50,000	-
Fractured Atlas Productions, Inc.	-	118,000	118,000	-
Frameline, Inc.	-	70,000	70,000	-
Friends of Ethiopian Jews, Inc.	-	22,500	22,500	-
Friends of Huntington Farmlands Inc.	-	2,500	2,500	-
Girl Scouts of Rhode Island, Inc.	-	3,000	3,000	-
Good Jobs First	-	100,000	100,000	-
Grantmakers in the Arts	-	22,500	22,500	-
Grants Managers Network, Inc.	-	2,000	2,000	-
Greyston Foundation, Inc.	-	3,283	3,283	-
Gulf Coast Center for Law and Policy (8 records)	-	450,000	450,000	-
Hartley Film Foundation, Inc.	-	35,000	35,000	-
Homeboy Industries	-	50,000	50,000	-
HP Alliance Inc.	-	50,000	50,000	-
Independent Media Institute	-	100,000	100,000	-
Interfaith Center on Corporate Responsibility	-	15,000	15,000	-
Interfaze Educational Productions	-	5,000	5,000	-
International Rescue Committee, Inc.	-	5,000	5,000	-
ISAIAH	-	300,000	300,000	-
Israel Policy Forum, Inc.	-	40,000	40,000	-
J Street Education Fund, Inc.	-	225,000	225,000	-
Jennifer Bailey	-	100,000	100,000	-
Jerusalem Foundation, Inc.	-	27,000	27,000	-
Jewish Film Festival	-	5,000	5,000	-
Jewish Funders Network	250,000	33,600	283,600	-
Jewish Jumpstart	-	15,000	15,000	-
Jews For Racial and Economic Justice	-	1,480	1,480	-

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 11 – Grant activity (continued)

	Grants Payable 12/31/2013	2014 Awards	2014 Payments	Grants Payable 12/31/2014
Jobs with Justice Education Fund	\$ -	\$ 600,000	\$ 300,000	\$ 300,000
JOIN for Justice, Inc.	-	600,000	300,000	300,000
Joyful Heart Foundation	-	15,000	15,000	-
Junebug Productions	-	75,000	75,000	-
Just Vision, Inc.	-	70,000	70,000	-
Kentucky Coalition, Inc.	-	100,000	100,000	-
Kovno Communications, Inc.	-	10,000	10,000	-
LaGuardia Community College Foundation	-	3,085	3,085	-
Lambda Legal Defense and Education Fund, Inc.	-	2,000	2,000	-
Leadership Conference Education Fund Inc.	-	100,000	100,000	-
Let's Breakthrough, Inc.	-	80,000	80,000	-
Little Globe, Inc.	-	20,000	20,000	-
Live Arts Collaboration, Inc.	-	2,000	2,000	-
Los Angeles Alliance for a New Economy	-	100,000	100,000	-
Louisiana Consumer Healthcare Coalition, Inc.	-	75,000	75,000	-
Lower Manhattan Cultural Council, Inc.	-	120,000	120,000	-
Magic Theatre, Inc.	-	13,000	13,000	-
Make the Road New York	-	200,000	200,000	-
MAPP International Productions, Inc.	-	400,000	200,000	200,000
Margot Brandenburg	-	57,500	57,500	-
Marin Agricultural Land Trust	-	10,000	10,000	-
MBA Project Inc.	-	10,000	10,000	-
Media Impact Funders, Inc.	-	5,000	5,000	-
Metro IAF, Inc.	-	25,000	25,000	-
Mosi Makori	-	100,000	100,000	-
MVP Basketball Camps, Inc.	-	2,500	2,500	-
National Alliance of Media Arts Centers, Inc.	-	75,000	75,000	-
National Association of Latino Arts and Culture	-	50,000	50,000	-
National Conference of Black Lawyers	-	14,000	14,000	-
National Domestic Workers Alliance, Inc.	-	1,250,000	700,000	550,000

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013

Note 11 – Grant activity (continued)

	Grants Payable <u>12/31/2013</u>	2014 <u>Awards</u>	2014 <u>Payments</u>	Grants Payable <u>12/31/2014</u>
National Performance Network, Inc.	\$ -	\$ 100,000	\$ 100,000	\$ -
Nesiya Institute	-	2,500	2,500	-
New America Foundation	-	150,000	150,000	-
New England Handicapped Sports	-	25,000	25,000	-
New Israel Fund	600,000	28,000	628,000	-
New Jersey Institute for Social Justice Inc.	-	25,000	25,000	-
New Venture Fund	-	125,000	125,000	-
New York Shakespeare Festival	-	5,000	5,000	-
Ocean Foundation	-	5,000	5,000	-
Ohio University Foundation	-	20,000	20,000	-
Pardes Institute of Jewish Studies North America, Inc.	-	5,000	5,000	-
Partners for Development	-	5,000	5,000	-
PEERS Foundation, Inc.	-	30,000	30,000	-
People For the American Way Foundation	-	100,000	100,000	-
Philadelphia Dance Company	-	30,000	30,000	-
PICO National Network	-	400,000	400,000	-
Pioneer School of Drama	-	10,000	10,000	-
President and Fellows of Harvard College	-	25,000	25,000	-
Progressive America Fund d/b/a Center for Working Families	-	350,000	350,000	-
Project South the Institution for the Elimination of Poverty and Genocide	-	5,780	5,780	-
Public Interest Projects, Inc.	-	242,500	242,500	-
Public Religion Research Institute	-	800,000	450,000	350,000
Race Forward	-	75,000	75,000	-
Radio Diaries, Inc.	-	5,000	5,000	-
Reel Stories Teen Filmmaking, Inc.	-	7,800	7,800	-
Restaurant Opportunities Centers United, Inc.	-	600,000	300,000	300,000
Roca, Inc.	-	30,000	30,000	-
Rockefeller Philanthropy Advisors, Inc.	-	500,000	500,000	-
Romare Bearden Foundation, Inc.	-	40,000	40,000	-

THE NATHAN CUMMINGS FOUNDATION, INC.

**Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013**

Note 11 – Grant activity (continued)

	Grants Payable <u>12/31/2013</u>	2014 <u>Awards</u>	2014 <u>Payments</u>	Grants Payable <u>12/31/2014</u>
Saqib Bhatti	\$ -	\$ 57,500	\$ 57,500	\$ -
Sarah Lawrence College	-	80,000	80,000	-
SaveNature.Org	-	2,500	2,500	-
Seva Foundation	-	5,000	5,000	-
Smithsonian Institution	-	25,000	25,000	-
Social Service Employees Union Local 371 Educational Fund	-	5,000	5,000	-
Southeast Asia Resource Action Center (SEARAC)	-	5,000	5,000	-
Southern California Jewish Historical Society	-	10,000	10,000	-
State Voices	-	50,000	50,000	-
Strategic Concepts in Organizing and Policy Education	-	300,000	300,000	-
TakeAction Minnesota Education Fund	-	100,000	100,000	-
Ten Strands	-	5,000	5,000	-
Terra Moto, Inc.	-	75,000	75,000	-
The Brooklyn Historical Society	-	10,000	10,000	-
The Brotherhood/Sister Sol, Inc.	-	150,000	150,000	-
The Center for Independent Documentary, Inc.	-	13,000	13,000	-
The Center for Media Justice	-	400,000	100,000	300,000
The Center for NuLeadership on Urban Solutions, Inc.	-	2,120	2,120	-
The Corbin Hill Food Project Inc.	-	5,000	5,000	-
The Crenulated Company, Ltd.	-	7,025	7,025	-
The Franklin and Eleanor Roosevelt Institute	-	50,000	50,000	-
The Hide and Seek Foundation	-	5,000	5,000	-
The Magic House	-	43,000	43,000	-
The Michael Matters Foundation, Inc.	-	5,000	5,000	-
The Working Group	-	40,000	40,000	-
Third Sector Development, Incorporated	-	100,000	100,000	-
Tides Center	-	78,500	78,500	-
Trisha Brown Dance Company, Inc.	-	5,000	5,000	-

THE NATHAN CUMMINGS FOUNDATION, INC.

Notes to Financial Statements (continued)
December 31, 2014 and December 31, 2013Note 11 – Grant activity (continued)

	Grants Payable <u>12/31/2013</u>	2014 <u>Awards</u>	2014 <u>Payments</u>	Grants Payable <u>12/31/2014</u>
Trustees of Amherst College	\$ -	\$ 10,000	\$ 10,000	\$ -
Turtle Island Restoration Network	-	5,000	5,000	-
UBW, Inc.	-	400,000	200,000	200,000
Union for Reform Judaism	-	1,600,000	800,000	800,000
United States Veterans Artists Alliance	-	5,000	5,000	-
University of Chicago	-	50,000	50,000	-
Urban Justice Center	-	20,000	20,000	-
Vital Healthcare Capital	-	400,000	200,000	200,000
Vivian Beaumont Theater, Inc.	-	5,000	5,000	-
Wildlife Conservation Society	-	4,500	4,500	-
Women Make Movies, Inc.	-	10,000	10,000	-
Working Films	-	40,000	40,000	-
Working Partnerships USA	-	40,000	40,000	-
World Policy Institute, Inc.	-	10,000	10,000	-
Yeshiva University	-	10,000	10,000	-
	<u>950,000</u>	<u>22,673,883</u>	<u>18,273,883</u>	<u>5,350,000</u>
Awards Withdrawn/Returned	<u>-</u>	<u>(150)</u>	<u>(150)</u>	<u>-</u>
Total	<u>\$ 950,000</u>	<u>\$22,673,733</u>	<u>\$18,273,733</u>	<u>\$ 5,350,000</u>