

Consolidated Financial Statements and  
Supplementary Information Together with  
Report of Independent Certified Public Accountants

**ALFRED P. SLOAN FOUNDATION**

December 31, 2011 and 2010

# ALFRED P. SLOAN FOUNDATION

## TABLE OF CONTENTS

---

	<b>Page</b>
Report of Independent Certified Public Accountants	1 - 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position as of December 31, 2011 and 2010	3
Consolidated Statements of Activities for the years ended December 31, 2011 and 2010	4
Consolidated Statements of Cash Flows for the years ended December 31, 2011 and 2010	5
Notes to Consolidated Financial Statements	6 - 15
Supplementary Information:	
Schedule of Management and Investment Expenses for the years ended December 31, 2011 and 2010	17
Schedule of Grants and Appropriations for the year ended December 31, 2011	18 - 24

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of  
**Alfred P. Sloan Foundation:**

We have audited the accompanying consolidated statement of financial position of Alfred P. Sloan Foundation (the “Foundation”) as of December 31, 2011, and the related consolidated statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of the Foundation as of and for the year ended December 31, 2010 were audited by other auditors. Those auditors expressed an unqualified opinion on those consolidated financial statements in their report dated June 21, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alfred P. Sloan Foundation as of December 31, 2011 and the consolidated changes in their net assets and their consolidated cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the 2011 consolidated financial statements as a whole. The schedule of management and investment expenses for the year ended December 31, 2011 and the schedule of grants and appropriations for the year ended December 31, 2011 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such supplementary information is the responsibility of Foundation management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare and present the consolidated financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. In our opinion, the 2011 supplementary information is fairly stated, in all material respects, in relation to the 2011 consolidated financial statements as a whole. The schedule of management and investment expenses for the year ended December 31, 2010 was audited by other auditors. Those auditors expressed an unqualified opinion on the Foundation's 2010 consolidated financial statements in their report dated June 21, 2011, from which the 2010 supplementary information was derived.

*Grant Thornton LLP*

New York, New York

June 27, 2012

**ALFRED P. SLOAN FOUNDATION**  
**Consolidated Statements of Financial Position**  
**As of December 31, 2011 and 2010**

---

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash	\$ 1,488,222	\$ 793,067
Investments (Note 3):		
Direct investments – equities	65,626,154	123,631,651
Direct investments – fixed income	163,356,824	206,766,976
Direct investments – mutual funds	115,526,119	-
Alternative investments	<u>1,307,515,493</u>	<u>1,372,628,702</u>
Total investments	<u>1,652,024,590</u>	<u>1,703,027,329</u>
Total assets	<u>\$ 1,653,512,812</u>	<u>\$ 1,703,820,396</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants payable (Note 8)	\$ 65,041,133	\$ 58,598,501
Federal excise tax payable (Note 5)	9,739,652	8,919,812
Deferred compensation arrangements	885,368	566,296
Accrued postretirement benefit obligation (Note 7)	3,537,474	8,441,537
Other liabilities	<u>144,095</u>	<u>49,620</u>
Total liabilities	79,347,722	76,575,766
Commitments (Notes 3, 4, and 9)		
NET ASSETS – unrestricted	<u>1,574,165,090</u>	<u>1,627,244,630</u>
Total liabilities and net assets	<u>\$ 1,653,512,812</u>	<u>\$ 1,703,820,396</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**ALFRED P. SLOAN FOUNDATION**  
**Consolidated Statements of Activities**  
**For the years ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
INVESTMENT INCOME		
Interest and dividends	\$ 13,302,009	\$ 15,706,778
Less:		
Investment expenses	(8,028,994)	(7,067,971)
Provision for taxes (Note 5)	(1,000,000)	(1,859,000)
	<u>(9,028,994)</u>	<u>(8,926,971)</u>
Net investment income	<u>4,273,015</u>	<u>6,779,807</u>
EXPENSES		
Grants (net of refunds of \$398,254 in 2011 and \$359,086 in 2010)	81,400,234	61,561,344
Management expenses	9,688,500	8,893,817
	<u>91,088,734</u>	<u>70,455,161</u>
Excess of expenses over net investment income	<u>(86,815,719)</u>	<u>(63,675,354)</u>
INVESTMENT GAINS		
Net realized gain on disposal of investments	36,089,998	61,978,391
Unrealized (loss) gain on investments, net of deferred federal excise tax expense of \$8,183,368 and \$1,909,104 in 2011 and 2010, respectively	(8,473,089)	93,546,093
	<u>27,616,909</u>	<u>155,524,484</u>
(Decrease) increase in net assets before postretirement benefit adjustments	(59,198,810)	91,849,130
Amounts not yet recognized as a component of net periodic benefit cost	<u>6,119,270</u>	<u>(991,994)</u>
(Decrease) increase in net assets	(53,079,540)	90,857,136
Net assets at beginning of year	<u>1,627,244,630</u>	<u>1,536,387,494</u>
Net assets at end of year	<u>\$ 1,574,165,090</u>	<u>\$ 1,627,244,630</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**ALFRED P. SLOAN FOUNDATION**  
**Consolidated Statements of Cash Flows**  
For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Decrease) increase in net assets	\$ (53,079,540)	\$ 90,857,136
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Net realized gain on disposal of investments	(36,089,998)	(61,978,391)
Unrealized loss (gain) on investments	8,638,288	(95,455,197)
Increase in federal excise tax payable	819,840	2,346,474
Increase (decrease) in grants payable	6,442,632	(11,984,209)
Decrease (increase) in accrued postretirement benefit obligation	(4,904,063)	1,705,650
Increase in deferred compensation arrangements	319,072	181,290
Increase (decrease) in other liabilities	<u>94,475</u>	<u>(283,557)</u>
Net cash used in operating activities	<u>(77,759,294)</u>	<u>(74,610,804)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	1,144,753,084	1,257,396,401
Purchases of investments	<u>(1,066,298,635)</u>	<u>(1,183,156,934)</u>
Net cash provided by investing activities	<u>78,454,449</u>	<u>74,239,467</u>
Net increase (decrease) in cash	695,155	(371,337)
Cash at beginning of year	<u>793,067</u>	<u>1,164,404</u>
Cash at end of year	<u>\$ 1,488,222</u>	<u>\$ 793,067</u>

*The accompanying notes are an integral part of these consolidated financial statements.*

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

---

**1. ORGANIZATION**

Alfred P. Sloan Foundation makes grants primarily to support original research and broad-based education related to science, technology, economic performance, and the quality of American life. Alfred P. Sloan Foundation is unique in its focus on science, technology, and economic institutions-and the scholars and practitioners who work in these fields-as chief drivers of the nation's health and prosperity. Alfred P. Sloan Foundation has a deep-rooted belief that carefully reasoned systematic understanding of the forces of nature and society, when applied inventively and wisely, can lead to a better world for all. Alfred P. Sloan Foundation's investment portfolio provides the financial resources to support its activities. The investment strategy for the investment portfolio is to invest prudently in a diversified portfolio of assets with the goal of achieving superior returns.

In June 2009, Sloan Projects LLC was established under the Delaware Limited Liability Company Act. Alfred P. Sloan Foundation and Sloan Projects LLC share the common charitable and educational purpose of supporting, among other projects, film, theatrical, and television projects that promote education about science and technology themes and characters and challenge existing stereotypes about scientists and engineers. Sloan Projects LLC is a single member limited liability company ("LLC") with the sole member being Alfred P. Sloan Foundation. Sloan Projects LLC is consolidated with Alfred P. Sloan Foundation for financial statement and tax purposes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the assets, liabilities, net assets, and financial activities of Alfred P. Sloan Foundation and Sloan Projects LLC (collectively, the "Foundation"). All significant interorganization balances and transactions have been eliminated in consolidation.

**Income Taxes**

Alfred P. Sloan Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and is a private foundation as defined in Section 509(a) of the Code. Sloan Projects LLC is a single member LLC and is a disregarded entity for tax purposes. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained.

**Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. The Foundation discloses fair value measurements by level within that hierarchy. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Foundation. Unobservable inputs reflect the Foundation's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value is categorized into three levels based on the inputs as follows:



**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

---

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available. Since valuations are based on quoted prices that are readily available and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at that NAV as of the date of the balance sheet or in the near term, which the Foundation has generally considered to be within one-year.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs shall be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Foundation’s perceived risk of that instrument.

**Investments**

Investments in equity securities with readily determinable fair values are reported at fair value based on quoted market prices. Investments in debt securities are measured using quoted market prices where available. If quoted market prices for debt securities are not available, the fair value is determined using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded markets for debt with similar terms to companies with comparable credit risk, the issuer’s credit spread, and illiquidity by sector and maturity.

The Foundation follows the accounting standards of Financial Accounting Standards Board (FASB) Accounting Standards Codification (“ASC”) Subtopic, 820-10-35-59, *Fair Value Measurement and Disclosures – Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent)*. This allows for the estimation of the fair value of investments in investment companies, for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent, as provided by the investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

---

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of the Foundation's interest therein, its classification in Level 2 or 3 is based on the Foundation's ability to redeem its interest at or near December 31st. If the interest can be redeemed in the near term, which the Foundation has determined to be within one-year, the investment is classified as Level 2.

Gains and losses on disposal of investments are determined on the first-in, first-out basis on a trade date basis.

**Grants**

Grants are recorded as an expense and liability of the Foundation when authorized by the Trustees and the grantee has been selected and notified. In certain instances, grants are recorded as an expense and liability when the Board of Trustees appropriates amounts for selected projects. Refunded grants are recorded as a reduction to grant expense.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Reclassifications**

Certain reclassifications of prior year amounts have been made to conform to the current year presentation. Such reclassifications did not change total assets, liabilities, revenues, expenses or changes in net assets as reflected in the 2010 consolidated financial statements.

**3. INVESTMENTS**

The following tables present the fair value hierarchy of investments, the only financial instruments that are measured at fair value on a recurring basis, at December 31, 2011 and 2010:

	<b>Fair value measurements at December 31, 2011</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Direct investments:				
Equities:				
Domestic	\$ 65,626,154	\$ 65,626,154	\$ -	\$ -
Fixed income:				
U.S. government	163,356,824	163,356,824	-	-
Mutual funds:				
Equities	40,148,912	40,148,912	-	-
Fixed income	75,377,207	75,377,207	-	-
	<u>115,526,119</u>	<u>115,526,119</u>	<u>-</u>	<u>-</u>

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

	<b>Fair value measurements at December 31, 2011</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Alternative investments:				
Equities:				
Domestic	\$ 101,392,252	\$ -	\$ 24,147,646	\$ 77,244,606
Long/short	151,279,366	-	92,723,631	58,555,735
International	212,190,415	-	209,834,794	2,355,621
Fixed income:				
Global sovereign bonds	55,379,915	-	55,379,915	-
Independent return	430,543,739	-	173,448,502	257,095,237
Real estate	60,050,751	-	-	60,050,751
Private equity	296,679,055	-	-	296,679,055
	<u>1,307,515,493</u>	<u>-</u>	<u>555,534,488</u>	<u>751,981,005</u>
	<u>\$ 1,652,024,590</u>	<u>\$ 344,509,097</u>	<u>\$ 555,534,488</u>	<u>\$ 751,981,005</u>

	<b>Fair value measurements at December 31, 2010</b>			
	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Direct investments:				
Equities:				
Domestic	\$ 123,631,651	\$ 123,631,651	\$ -	\$ -
Fixed income:				
U.S. government	184,365,247	184,365,247	-	-
Investment grade corporate bonds	13,606,419	-	13,606,419	-
Mortgage-backed	5,863,540	-	5,863,540	-
Other asset-backed	2,931,770	-	2,931,770	-
	<u>206,766,976</u>	<u>184,365,247</u>	<u>22,401,729</u>	<u>-</u>
Alternative investments:				
Equities:				
Domestic	110,367,972	-	109,096,226	1,271,746
Long/short	198,568,475	-	148,804,391	49,764,084
International	218,969,558	-	185,527,300	33,442,258
Fixed income:				
Global sovereign bonds	51,561,233	-	51,561,233	-
Independent return	420,496,660	-	78,249,791	342,246,869
Real estate	46,146,661	-	-	46,146,661
Private equity	326,518,143	-	-	326,518,143
	<u>1,372,628,702</u>	<u>-</u>	<u>573,238,941</u>	<u>799,389,761</u>
	<u>\$ 1,703,027,329</u>	<u>\$ 307,996,898</u>	<u>\$ 595,640,670</u>	<u>\$ 799,389,761</u>

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

The following table presents a reconciliation for all Level 3 assets measured at fair value at December 31, 2011:

	<b>Beginning Balance</b>	<b>Purchases</b>	<b>Settlements/ redemptions</b>	<b>Total net realized and unrealized gains (losses)</b>	<b>Transfers In/ Out *</b>	<b>Ending Balance</b>
Alternative Investments:						
Equities:						
Domestic	\$ 1,271,746	\$ -	\$ -	\$ (1,046,673)	\$ 77,019,533	\$ 77,244,606
Long/short	49,764,084	-	-	(3,353,962)	12,145,613	58,555,735
International	33,442,258	-	(20,000,000)	5,934,490	(17,021,127)	2,355,621
Independent return	342,246,869	24,800,000	(19,913,423)	11,353,988	(101,392,197)	257,095,237
Real estate	46,146,661	7,791,958	(2,128,125)	8,240,257	-	60,050,751
Private equity	326,518,143	28,899,660	(61,473,961)	2,735,213	-	296,679,055
	<u>\$ 799,389,761</u>	<u>\$ 61,491,618</u>	<u>\$ (103,515,509)</u>	<u>\$ 23,863,313</u>	<u>\$ (29,248,178)</u>	<u>\$ 751,981,005</u>

The following table presents a reconciliation for all Level 3 assets measured at fair value at December 31, 2010:

<b>Beginning balance</b>	\$ 731,638,749
Total net realized and unrealized gains	87,877,432
Purchases	106,700,741
Settlements/redemptions	<u>(126,827,161)</u>
<b>Ending balance</b>	<u>\$ 799,389,761</u>

\* Certain alternative investments were reclassified from Level 3 to Level 2 due to the expiration of lock-up periods. One alternative investment was reclassified from Level 2 to Level 3 as the Foundation entered into a share class with a 2-year lock-up period.

The following table lists the redemption terms and unfunded commitments for the alternative investments as of December 31, 2011 and 2010:

		<b>2011</b>				
	<b># of Funds</b>	<b>Fair value</b>	<b>Unfunded commitments in millions</b>	<b>Redemption frequency</b>	<b>Redemption notice period</b>	<b>Lock-up period</b>
Alternative investments:						
Equities:						
Domestic	3	\$ 101,392,252	\$ -	monthly, annually	30 days	None
Long/short	6	151,279,366	-	quarterly, annually, other	30 - 90 days	None, Rolling 3-year
International	7	212,190,415	-	monthly, quarterly, other	6 - 60 days	None, 1-year
Fixed income:						
Global sovereign bonds	1	55,379,915	-	monthly	10 days	None
Independent return	19	430,543,739	6	monthly, annually, quarterly, other	30 - 180 days	None, 1-3 years
Real estate	10	60,050,751	10	None	N/A	
Private equity	44	296,679,055	58	None	N/A	
Total		<u>\$ 1,307,515,493</u>	<u>\$ 74</u>			

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
December 31, 2011 and 2010

	2010			
	Fair value	Unfunded commitments in millions	Redemption frequency	Redemption notice period
Alternative investments:				
Equities:				
Domestic	\$ 110,367,972	\$ -	monthly, annually	30 days
Long/short	198,568,475	-	quarterly, annually, other	30 - 60 days
International	218,969,558	-	monthly, quarterly, other	6 - 60 days
Fixed income:				
Global sovereign bonds	51,561,233	-	monthly	10 days
Independent return	420,496,660	7	monthly, annually, quarterly, other	10 - 180 days
Real estate	46,146,661	19	None	N/A
Private equity	326,518,143	66	None	N/A
Total	<u>\$ 1,372,628,702</u>	<u>\$ 92</u>		

**Equities:** Alternative investments in this category invest predominantly in equity securities including U.S., international developed and emerging markets, benchmarked against MSCI All Country World Index. Equity funds have lock-up provisions that range between 3 months to no more than 3 years.

**Fixed Income:** Alternative investments in this category invest in domestic and international fixed income securities, benchmarked against Citigroup Salomon Broad index.

**Independent Return:** Independent return funds include investments such as low net exposure equity hedge funds, distressed credit, and merger arbitrage. Such strategies are expected to have equity-like long-term returns but with less correlation to the equity markets. \$87.8 million is invested in drawdown structures with no predetermined redemption date.

**Real Estate:** Includes funds that invest primarily in commercial real estate, all of which are illiquid investments.

**Private Equity:** Includes private equity and venture capital, all of which are illiquid investments.

Private foundations are required by the Internal Revenue Service to distribute 5% of average assets during the year. In order to plan and budget in an orderly manner, the Foundation implements the 5% rule by using a 12-quarter rolling average of the fair market value of its investment portfolio to determine the distribution level for the year. The last quarter on the 12-quarter rolling average is September 30th.

#### 4. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT OR MARKET RISK

The Foundation's investment strategy has the ability to incorporate certain financial instruments that involve, to varying degrees, elements of market risk and credit risk in excess of the amounts recorded in the consolidated financial statements.

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

---

During 2010, the Foundation bought and sold options contracts. Long put options purchased and short call options sold held at December 31, 2010 were valued at approximately \$2.5 million and \$(2.2 million), respectively. The Foundation did not enter into such contracts in 2011.

The Foundation does not anticipate that losses, if any, resulting from its market or credit risks would materially affect its consolidated financial statements.

**5. TAXES**

The Foundation is liable for a federal excise tax of 2% of its net investment income, which includes realized capital gains. However, this tax is reduced to 1% if certain conditions are met. The Foundation met the requirements for the 1% tax for the years ended December 31, 2011 and 2010. Therefore, current taxes are estimated at 1% of net investment income for 2011 and 2010. Additionally, certain of the Foundation's investments give rise to unrelated business income tax liabilities. Such tax liabilities for 2011 and 2010 are not material to the accompanying consolidated financial statements; however, the provision for taxes, as of December 31, 2011 and 2010, includes an estimate of tax liabilities for unrelated business income.

Deferred taxes principally arise from differences between the cost value and fair value of investments. Since the qualification for the 1% tax is not determinable until the fiscal year in which net gains are realized, deferred taxes represent 2% of unrealized gains at December 31, 2011 and 2010.

**6. RETIREMENT PLAN**

The Foundation has a defined contribution retirement plan covering substantially all employees under arrangements with Teachers Insurance and Annuity Association of America and College Retirement Equities Fund and Fidelity Investments. Retirement plan expense was \$743,678 and \$743,183 in 2011 and 2010, respectively.

**7. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS**

The Foundation provides healthcare benefits for qualified retirees. The Foundation records annual amounts relating to the plan based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, turnover rates, and healthcare cost trend rates.

The Foundation reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends as appropriate. The effect of modifications to those assumptions is recorded as a charge to net assets and amortized to net periodic cost over future periods using the corridor method. The net periodic costs are recognized as employees render the services necessary to earn the postretirement benefits.

Effective January 1, 2011, the Foundation replaced its healthcare insurance provider for its retirees to United Healthcare Medicare Supplement Insurance Plan and Medicare Prescription Drug Plan. The resulting changes substantially lowered the Foundation's postretirement benefit obligation.

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

The following table sets forth the financial information for the plan for 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Change in accrued postretirement benefit obligation:		
<b>Benefit obligation at beginning of year</b>	\$ 8,441,537	\$ 6,735,887
Service cost	388,208	230,973
Interest cost	478,635	396,744
Actuarial loss	(5,643,209)	46,151
Assumption change	-	1,326,484
Benefits paid	(127,697)	(294,702)
<b>Benefit obligation at end of year</b>	<u>\$ 3,537,474</u>	<u>\$ 8,441,537</u>
Components of net periodic postretirement benefit cost reported:		
Service cost	\$ 388,208	\$ 230,973
Interest cost	478,635	396,744
Amortization of transition obligation	476,061	476,061
Amortization of gain	-	(95,420)
Net periodic postretirement benefit cost	<u>\$ 1,342,904</u>	<u>\$ 1,008,358</u>

Benefit obligation weighted average assumptions at  
December 31, 2011 and 2010:

Discount rate	4.33 %	5.67 %
---------------	--------	--------

Periodic benefit cost weighted average assumptions for the  
years ended December 31, 2011 and 2010:

Discount rate	5.67 %	5.89 %
---------------	--------	--------

The medical trend and inflation rate is 9% in 2011 grading down to 5.5% in 2015 and thereafter.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the postretirement benefit plan. The effects of a 1% increase (decrease) in trend rates on total service and interest cost and the postretirement benefit obligation are as follows:

	<u>2011</u>		<u>2010</u>	
	<u>1% Increase</u>	<u>1% Decrease</u>	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost	\$ 71,336	\$ (52,932)	\$ 116,422	\$ (90,706)
Effect on postretirement benefit obligation	556,472	(441,180)	1,391,906	(1,119,705)

**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

---

Projected premium payments for each of the next five fiscal years and thereafter are as follows:

<b>Year ending December 31:</b>	
2012	\$ 148,564
2013	151,106
2014	156,189
2015	164,022
2016	172,260
Thereafter through 2021	860,009
	<u>\$ 1,652,150</u>

The accumulated amount not yet recognized as a component of net periodic benefit cost was \$(2,133,396) and \$3,985,874 at December 31, 2011 and 2010, respectively. The components are as follows:

	<u>2011</u>	<u>2010</u>
Transition obligation	\$ 3,891,406	\$ 4,367,468
Net actuarial gain	<u>(6,024,802)</u>	<u>(381,593)</u>
	<u>\$ (2,133,396)</u>	<u>\$ 3,985,875</u>

The transition obligation and actuarial gain that will be amortized into net periodic benefit cost in 2012 will be \$476,061 and \$(317,241), respectively.

**8. GRANTS PAYABLE**

The Foundation estimates that the grants payable balance as of December 31, 2011 will be paid as follows:

<b>Year:</b>	<u>Amount</u>
2012	\$41,608,585
2013	20,096,894
2014	1,963,608
2015	1,372,046
	<u>\$65,041,133</u>

**9. LEASE**

The Foundation entered into a ten-year lease effective January 1, 1999. The lease contains an escalation clause that provides for rental increases resulting from increases in real estate taxes and certain operating expenses. On January 11, 2007, the Foundation renegotiated its lease for the period commencing on January 1, 2009 and expiring on December 31, 2016. As a result of the renegotiation, the fixed rent payable under the lease is an amount equal to (a) \$1,270,335 per annum for the period commencing on January 1, 2007 and ending on December 31, 2011 and (b) \$1,379,926 per annum for the period commencing on January 1, 2012 and ending on December 31, 2016. Effective November 1, 2008, the Foundation acquired additional space at an annual rent of \$386,250. The lease on the additional space expires on December 31,



**ALFRED P. SLOAN FOUNDATION**  
**Notes to Consolidated Financial Statements**  
**December 31, 2011 and 2010**

---

2016. Rent expense for 2011 and 2010, including escalations, was \$1,682,983 and \$1,701,092, respectively.

**10. LINE OF CREDIT**

The Foundation established a \$50,000,000 line of credit with Bank of New York Mellon in 2008 to provide bridge funding of grants and to finance short-term working capital needs of the Foundation. To date, the Foundation has not yet used the line of credit. The interest rate is calculated using the Mellon Monthly LIBOR plus 75 basis points, with a fallback rate of Wall Street Journal Prime minus 125 basis points. The interest rate at December 31, 2011 and 2010 was 2.0% and 2.26%, respectively. If the line is used, interest will be payable monthly on the 15th of each month and principal will be due on demand. If payment is not made within 15 days following the payment date, a 4% late fee will be assessed.

**11. SUBSEQUENT EVENTS**

The Foundation evaluated its December 31, 2011 consolidated financial statements for subsequent events through June 27, 2012, the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Management and Investment Expenses**  
**For the years ended December 31, 2011 and 2010**

---

	<u>2011</u>	<u>2010</u>
Management expenses:		
Salaries and employees' benefits:		
Salaries	\$ 6,176,460	\$ 6,012,892
Employees' retirement plan and other benefits	<u>3,266,981</u>	<u>2,931,014</u>
Total	9,443,441	8,943,906
Rent	1,682,983	1,701,092
Program expenses	1,467,252	1,092,322
Office expenses	1,180,472	782,256
Website and publications	25,365	28,782
Professional fees	<u>641,308</u>	<u>1,072,573</u>
Total management expenses	14,440,821	13,620,931
Less direct investment and other management expenses allocated to investments	<u>(4,752,321)</u>	<u>(4,727,114)</u>
Management expenses	<u>\$ 9,688,500</u>	<u>\$ 8,893,817</u>
Investment expenses:		
Investment management fees	\$ 3,276,673	\$ 2,340,857
Direct investment and other management expenses allocated to investments	<u>4,752,321</u>	<u>4,727,114</u>
Investment expenses	<u>\$ 8,028,994</u>	<u>\$ 7,067,971</u>

*This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.*

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid December 31, 2010	2011		Unpaid December 31, 2011
		Authorized	Payments	
Adler Planetarium	\$ -	\$ 1,011,466	\$ 636,483	\$ 374,983
Alaska, University of, Anchorage	-	144,000	64,000	80,000
Albert Einstein College of Medicine	-	50,000	50,000	-
American Academy of Arts and Sciences	141,000	-	141,000	-
American Chemical Society	81,000	-	68,500	12,500
American Council on Education	743,211	49,157	792,368	-
American Film Institute	180,000	-	90,000	90,000
American Indian College Fund	50,000	300,000	150,000	200,000
American Museum of Natural History	450,000	-	250,000	200,000
American Museum of the Moving Image	160,426	-	83,890	76,536
American Physical Society	12,000	18,900	18,900	12,000
American Society for Engineering Education	-	397,371	228,536	168,835
American University	-	234,015	234,015	-
Arius Association	-	150,000	75,000	75,000
Arizona State University	-	15,000	15,000	-
Arizona, University of	80,300	50,000	98,180	32,120
Association of American Colleges and Universities	-	94,041	94,041	-
Azavea, Inc.	-	124,916	124,916	-
BioBricks Foundation, Inc.	-	84,717	84,717	-
Board of Control for Southern Regional Education	192,372	-	192,372	-
Boston College	-	2,825,220	1,081,832	1,743,388
Boston University	-	150,000	150,000	-
Brandeis University	-	50,000	50,000	-
Brigham Young University	-	50,000	50,000	-
Brooklyn Academy of Music	-	742,250	442,250	300,000
Brown University	-	100,000	100,000	-
Business-Higher Education Forum	-	56,000	56,000	-
California Institute of Technology	-	50,000	50,000	-
California, University of, Berkeley	1,327,079	1,579,858	2,035,193	871,744
California, University of, Davis	1,449,524	2,045,650	1,505,588	1,989,586
California, University of, Irvine	-	119,756	119,756	-
California, University of, Los Angeles	103,250	1,509,949	667,604	945,595
California, University of, San Diego	-	300,000	300,000	-
California, University of, San Francisco	-	150,000	150,000	-

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid	2011		Unpaid
	December 31, 2010	Authorized	Payments	December 31, 2011
California, University of, Santa Barbara	\$ -	\$ 150,000	\$ 150,000	\$ -
California, University of, Santa Cruz	-	50,000	50,000	-
California, University of, Riverside	750,000	-	495,653	254,347
Calgary, University of	-	50,000	50,000	-
Carnegie Endowment for International Peace	-	144,800	144,800	-
Carnegie Institution of Washington	-	1,499,995	900,000	599,995
Carnegie Mellon University	193,522	485,689	261,381	417,830
Center for a New American Security, Inc.	54,000	-	54,000	-
Center For Independent Documentary	-	315,000	215,000	100,000
Center for the Study of the Presidency	-	67,600	67,600	-
Clean Air Task Force, Inc.	-	248,832	150,000	98,832
Chemical Heritage Foundation	-	255,000	255,000	-
Chicago, University of	344,203	1,337,120	673,340	1,007,983
Code for America Labs Inc.	-	50,000	50,000	-
Cold Spring Harbor Laboratory	300,000	50,000	200,000	150,000
Colorado, University of, at Boulder	460,000	1,901,859	1,421,438	940,421
Columbia University	147,891	653,852	578,852	222,891
Connecticut Public Broadcasting, Inc.	-	1,196,390	600,000	596,390
Consortium For Ocean Leadership, Inc.	400,000	-	400,000	-
Coolidge Corner Theater Foundation	-	463,426	231,713	231,713
Cornell University	92,274	424,851	517,125	-
Corporate Voices for Working Families	-	20,000	20,000	-
Council of Graduate Schools	797,856	-	605,221	192,635
Council on Foreign Relations	1,198,506	-	748,179	450,327
Council on Library and Information Resources	-	117,567	117,567	-
Council on Foundations, Inc.	-	45,000	45,000	-
Creative Commons	-	250,917	250,917	-
CUNY Graduate Center Foundation, Inc.	125,000	-	75,000	50,000
Dartmouth College	54,333	-	54,333	-
DC Foundation, University of	72,250	-	50,000	22,250
Drexel University	-	100,591	100,591	-
Duke University	-	50,000	50,000	-
DuraSpace	-	497,433	497,433	-
East Carolina University	-	1,499,989	800,000	699,989
Ed Regis	-	40,800	40,800	-
Ensemble Studio Theatre, Inc.	1,134,000	-	567,000	567,000

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid	2011		Unpaid
	December 31, 2010	Authorized	Payments	December 31, 2011
Families and Work Institute, Inc.	\$ -	\$ 2,334,141	\$ 1,600,000	\$ 734,141
Firestein, Stuart	-	40,000	40,000	-
Film Independent, Inc.	-	365,000	145,000	220,000
Foundation Center	-	195,000	65,000	130,000
Fred Friendly Seminars Inc.	-	19,095	19,095	-
Friends of the International Mathematical Union	-	73,000	73,000	-
Fund for the City of New York	813,750	750,000	660,000	903,750
Fund for Public Health in New York, Inc.	1,250,058	-	792,244	457,814
Georgetown University	141,551	-	141,551	-
Georgia Institute of Technology	-	150,000	150,000	-
George Mason University	-	1,241,466	995,438	246,028
Greater Washington Educational Telecommunications Assn., Inc.	-	1,500,000	750,000	750,000
GuideStar USA, Inc.	-	5,000	5,000	-
Hamptons International Film Festival	379,479	-	225,716	153,763
Harvard Medical School	-	50,000	50,000	-
Harvard University	463,147	2,763,168	2,042,037	1,184,278
Hastings Center	-	498,536	248,536	250,000
Houston, University of	-	50,000	50,000	-
ICPO-INTERPOL	400,000	1,600,000	1,100,000	900,000
Illinois, University of, Urbana-Champaign	-	100,000	100,000	-
Independent Sector	-	17,500	17,500	-
Indiana, University of	-	606,161	229,354	376,807
Industry Studies Association	6,575	-	6,575	-
Institute of International Education Inc.	-	750,000	250,000	500,000
Institute for New Economic Thinking	-	15,108	15,108	-
Institute for Operations Research and the Management Sciences	42,189	-	42,189	-
Institute for the Future	-	75,000	75,000	-
Institute for Women's Policy Research	-	20,000	20,000	-
Integrated Ocean Drilling Program Management International	-	500,000	400,000	100,000
J. Craig Venter Institute	807,971	-	807,971	-
J. William Jones Consulting Engineers, Inc.	-	325,250	325,250	-
Johns Hopkins University	-	50,000	50,000	-
Kansas State University	-	50,000	50,000	-
Kansas, University of	-	125,000	125,000	-
L.A. Theatre Works	133,120	-	133,120	-
Labor Project for Working Families	-	15,134	15,134	-

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid	2011		Unpaid
	December 31, 2010	Authorized	Payments	December 31, 2011
Leeds, University of	\$ -	\$ 60,000	\$ 60,000	\$ -
Lemonick, Michael	-	55,000	55,000	-
Library Foundation of Los Angeles	-	36,000	36,000	-
Library of Congress	-	38,750	-	38,750
Lyrasis	500,000	-	250,000	250,000
Madison, University of, Wisconsin	-	45,000	45,000	-
Manhattan Theatre Club	400,000	-	200,000	200,000
Marine Biological Laboratory	459,918	-	302,452	157,466
Maryland, University of, College Park	-	565,272	400,000	165,272
Massachusetts Institute of Technology	573,000	477,322	758,000	292,322
Massachusetts, University of, Lowell	31,000	-	31,000	-
MentorNet	-	60,000	60,000	-
McGill University	-	50,000	50,000	-
Michigan State University	-	619,103	406,517	212,586
Michigan, University of	43,674	4,915,316	1,357,416	3,601,574
Middlebury College	-	298,218	146,234	151,984
Minnesota State Colleges and Universities Foundation	49,802	-	49,802	-
Minnesota, University of	-	50,000	50,000	-
Mongolian American Scientific Research Center	75,000	7,500	82,500	-
Montana Tech. of the University of Montana	41,489	-	17,424	24,065
Montana, University of	87,300	-	38,800	48,500
Museum of Mathematics	-	401,461	200,000	201,461
National Academy of Sciences	-	1,610,249	1,169,324	440,925
Engineering, Inc.	6,062,807	4,326,400	5,584,749	4,804,458
National Bureau of Economic Research, Inc.	2,393,188	1,788,883	1,628,311	2,553,760
National Geographic Society	1,000,000	-	-	1,000,000
National Information Standards Organization	-	222,706	222,706	-
National Opinion Research Center	52,650	-	52,650	-
National Partnership for Women and Families	-	15,000	15,000	-
National Postdoctoral Association	25,000	-	25,000	-
National University of Singapore America Foundation Inc.	-	125,000	125,000	-
Nebraska, University of, Lincoln	-	50,000	50,000	-
New America Foundation	90,000	-	90,000	-
New Jersey Institute of Technology Foundation	-	25,850	25,850	-
New Media Studio	-	32,450	32,450	-
New Venture Fund	-	196,056	196,056	-

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid	2011		Unpaid
	December 31, 2010	Authorized	Payments	December 31, 2011
New York Botanical Garden	\$ 450,000	\$ -	\$ 250,000	\$ 200,000
New York County District Attorney	-	125,000	65,000	60,000
New York Law School	-	384,675	384,675	-
New York Hall of Science	-	65,000	65,000	-
New York University	735,207	935,956	957,460	713,703
Northeastern University	-	32,893	32,893	-
Northwestern University	-	200,000	200,000	-
North Carolina Agricultural and Technical State University	50,000	-	25,000	25,000
North Carolina State University	198,778	-	178,778	20,000
Notre Dame, University of	115,527	-	115,527	-
Ohio State University	-	1,580,000	1,080,000	500,000
Open Knowledge Commons, Inc.	862,560	124,315	986,875	-
Oregon State University	377,110	-	377,110	-
Oregon, University of	1,300,000	-	500,000	800,000
Ottawa, University of	-	599,150	300,000	299,150
Oxford University	-	1,835,486	813,903	1,021,583
Pennsylvania State University	-	50,000	50,000	-
Pennsylvania, University of	614,316	115,000	394,443	334,873
Peter G. Peterson Institute for International Economics	154,000	115,520	269,520	-
Philanthropy New York	-	24,000	24,000	-
Pittsburgh, University of	-	50,000	50,000	-
Planetnetwork NGO, Inc.	-	20,000	20,000	-
Playwrights Horizons	100,000	-	100,000	-
Polytechnic Institute of New York University	-	124,993	124,993	-
Population Reference Bureau, Inc.	102,000	-	102,000	-
Princeton University	-	200,000	200,000	-
Princeton University Press	-	40,000	40,000	-
Public Library of Science	-	353,393	353,393	-
Public Media Lab	398,918	-	398,918	-
Purdue University	153,000	-	48,773	104,227
RAND Corporation	-	609,511	225,305	384,206
Rensselaer Polytechnic Institute	-	80,000	80,000	-
Research Foundation of the City University of New York	-	1,075,968	500,000	575,968
Research Foundation of State University of New York	40,000	-	40,000	-
Resources for the Future, Inc.	-	1,171,667	1,171,667	-
Rhode Island, University of	-	48,230	48,230	-



**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid	2011		Unpaid
	December 31, 2010	Authorized	Payments	December 31, 2011
Rochester, University of	\$ -	\$ 100,000	\$ 100,000	\$ -
Rutgers, The State University of New Jersey	-	50,000	50,000	-
San Diego State University	-	125,000	125,000	-
Science Festival Foundation	-	1,300,000	650,000	650,000
Science Friday Initiative, Inc.	420,000	-	210,000	210,000
Sloan Consortium, Sloan-C	1,900,000	-	800,000	1,100,000
Smithsonian Institution	918,000	60,000	760,000	218,000
Social Science Research Network	-	60,490	60,490	-
Society for Human Resources Management Foundation	-	981,548	881,548	100,000
Society of American Archivists Foundation	-	6,000	6,000	-
Southern California, University of	187,074	50,000	237,074	-
St. Olaf College	-	19,500	-	19,500
Stanford University	-	1,690,855	848,451	842,404
State University of New York, Buffalo	-	50,000	50,000	-
State University of New York, Oswego	160,000	-	160,000	-
StoryCorps Inc.	-	24,494	24,494	-
South Florida, University of	-	125,000	125,000	-
Sundance Institute	500,000	-	250,000	250,000
Swarthmore College	181,909	-	115,802	66,107
Syracuse University	-	124,775	124,775	-
Technology Affinity Group	-	5,000	5,000	-
Texas AgriLife Research	63,587	-	-	63,587
Texas A&M University	-	50,000	50,000	-
Texas, University of, Austin	-	1,601,127	874,625	726,502
The Alexandria Archive Institute	-	109,850	109,850	-
The Brookings Institution	800,953	619,616	969,233	451,336
The Internet Archive	-	58,828	58,828	-
The Graduate Center of The City University of New York	-	107,500	107,500	-
The New School Center for NY City Affairs	150,000	-	-	150,000
Thurgood Marshall College Fund	157,808	-	-	157,808
Toronto, University of	-	1,076,171	384,946	691,225
Toyota Technological Institute	-	50,000	50,000	-
Tribeca Film Institute, Inc.	244,559	1,080,690	946,254	378,995
Upjohn Institute for Employment Research	-	349,622	25,712	323,910
Urban Institute	208,115	-	208,115	-
Virginia Polytechnic Institute and State University	-	45,000	45,000	-

**ALFRED P. SLOAN FOUNDATION**  
**Schedule of Grants and Appropriations**  
**For the year ended December 31, 2011**

Grantee	Unpaid December 31, 2010	2011		Unpaid December 31, 2011
		Authorized	Payments	
Virginia, University of	\$ -	\$ 100,000	\$ 100,000	\$ -
Warwick, University of	-	561,672	371,499	190,173
Washington, University of	-	1,089,188	635,243	453,945
Waterloo, University of	-	50,000	50,000	-
Wellesley College	-	347,903	125,863	222,040
West Florida, University of	-	19,974	19,974	-
WGBH Educational Foundation	1,700,000	3,800,000	3,200,000	2,300,000
Wikimedia Foundation	-	3,000,000	1,000,000	2,000,000
Wisconsin, University of, Madison	-	31,416	31,416	-
WNET.ORG	-	45,000	45,000	-
WNYC Public Radio	1,044,885	-	532,500	512,385
Woodrow Wilson International Center for Scholars	500,000	2,344,850	1,100,000	1,744,850
Yale University	-	567,705	443,515	124,190
<b>Total</b>	<u>42,204,971</u>	<u>86,613,603</u>	<u>75,008,312</u>	<u>53,810,262</u>
Sloan Research Fellowships to be Granted in Ensuing Year	5,900,000	400,000	-	6,300,000
Officer Grant Appropriation for Grants in Ensuing Year	3,200,000	(3,200,000)	-	-
Other Appropriations Authorized but not committed	<u>7,293,530</u>	<u>(1,740,286)</u>	<u>622,373</u>	<u>4,930,871</u>
	58,598,501	82,073,317	75,630,685	65,041,133
Reduction for Grant Transfers	-	(274,829)	(274,829)	-
Elimination of Sloan Projects LLC activity	-	-	-	-
	<u>\$ 58,598,501</u>	<u>\$ 81,798,488</u>	<u>\$ 75,355,856</u>	<u>\$ 65,041,133</u>

*This schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.*